

123 FERC ¶ 61,031
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

North American Electric Reliability Corporation

Docket No. RR07-16-002

ORDER APPROVING AMENDMENT TO WESTERN ELECTRICITY
COORDINATING COUNCIL BUSINESS PLAN AND BUDGET

(Issued April 17, 2008)

1. On February 15, 2008, as amended March 17, 2008, the North American Electric Reliability Corporation (NERC) filed a request for approval of an amendment to the 2008 Business Plan and Budget of the Western Electricity Coordinating Council (WECC) and for approval for WECC to include loan repayment and interest costs in its 2009 and 2010 assessments. In this order, we approve the amendment to WECC's 2008 Business Plan and Budget. We also approve WECC's inclusion of loan repayment and interest costs in its 2009 and 2010 assessments.

I. Background

2. The Energy Policy Act of 2005 added a new section 215 to the Federal Power Act (FPA), which includes the requirement that a Commission-certified Electric Reliability Organization develop mandatory and enforceable Reliability Standards, subject to Commission review and approval.¹ Section 215(c)(2)(B) of the FPA provides that the Electric Reliability Organization (ERO) must have rules that "allocate equitably reasonable dues, fees and other charges among end users for all activities under this section."²

3. On February 3, 2006, the Commission issued Order No. 672 to implement the requirements of section 215 of the FPA.³ Order No. 672, among other things, sets forth

¹ 16 U.S.C. § 824o (Supp. V 2005).

² 16 U.S.C. § 824o(c)(2)(B) (Supp. V 2005).

³ *Rules Concerning Certification of the Electric Reliability Organization; Procedures for the Establishment, Approval and Enforcement of Electric Reliability Standards*, Order No. 672, FERC Stats. & Regs. ¶ 31,204 (2006), *order on reh'g*, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006).

requirements for funding the ERO and the approval of the ERO's annual business plan and budget.⁴ The Commission's regulations require the ERO to file with the Commission its proposed annual budget for statutory and non-statutory activities 130 days before the beginning of its fiscal year.⁵ This filing must also contain the annual budget of each Regional Entity for statutory and non-statutory activities, and include supporting materials.

4. On October 18, 2007, the Commission approved NERC's 2008 Business Plan and Budget as well as the 2008 business plan and budget of each Regional Entity.⁶ The NERC application contained NERC's proposed ERO business plan and budget for the year ending December 31, 2008. It also included proposed business plans and budgets for the year ending December 31, 2008, for each of NERC's eight Regional Entities, including WECC.⁷

II. WECC's Proposed 2008 Amendment

5. NERC requests the Commission's approval of an amendment to WECC's 2008 Business Plan and Budget, which provides for a \$5,852,414 total increase in WECC's budgeted expenditures for 2008, to be funded in 2008 by a line of credit.⁸ NERC states that this budget amendment includes the addition of 31 full-time equivalent WECC employees in the reliability coordination function during 2008.

6. NERC states that the purpose of the proposed amendment is to increase WECC's 2008 budget to include costs for accelerated implementation of WECC's Reliability Center Strategic Initiative (RC Initiative) during 2008. NERC states that the accelerated implementation of the RC Initiative would result in the consolidation of WECC's three existing reliability centers, which have been hosted by balancing authorities in the WECC region, into two new reliability centers to be operated by WECC and which would be operational on January 1, 2009. NERC states that this accelerated implementation would also result in the completion of the WECC Westwide System Model, which is intended to promote increased synergies between the separate WECC reliability centers through centralized operations and use of a common set of tools and training for each reliability

⁴ *Id.* P 197; 18 C.F.R. § 39.4 (2007).

⁵ 18 C.F.R. § 39.4(b) (2007).

⁶ *North American Electric Reliability Corp.*, 121 FERC ¶ 61,057 (2007).

⁷ The Commission has approved delegation agreements between NERC and each of the eight Regional Entities. *North American Electric Reliability Corp.*, 119 FERC ¶ 61,060, *order on reh'g*, 120 FERC ¶ 61,260 (2007).

⁸ The U.S. jurisdictional portion is \$4,954,654.

center. NERC explains that these actions are important to and will enhance the reliability of the Bulk-Power System in the Western Interconnection, and are fully justified by their beneficial impacts on reliability.

7. NERC states that the instant amendment will not require any increase in the 2008 assessments to load-serving entities (LSEs) in the WECC region. According to NERC, WECC will fund the increased expenditures through a line of credit that WECC is arranging with a commercial lending institution, which will be repaid during 2009 and 2010. NERC states that this line of credit is contingent upon receipt of a Commission order approving the amended budget. According to NERC, repayment of principal and payment of interest on the loan will necessitate incrementally higher assessments to LSEs in the WECC region in 2009 and 2010. However, accelerated implementation of the RC Initiative, combined with movement to hosting of the reliability centers by WECC rather than by third parties, will result in lower long-run costs for WECC and lower assessments to LSEs over the 2008-2012 period than would occur under the plan embodied in the currently-approved 2008 WECC Business Plan and Budget.

III. Notice of the Filings and Responsive Pleadings

8. Notice of NERC's February 15, 2008 pleading was published in the *Federal Register*, 73 Fed. Reg. 11,407 (2008), with interventions and protests due on or before March 17, 2008. A timely motion to intervene and comment supporting NERC's request was filed by WECC. The Western Interconnection Regional Advisory Body (WIRAB) filed advice supporting NERC's request pursuant to section 215(j) of the FPA.⁹

9. Notice of NERC's March 17, 2008 amended pleading was published in the *Federal Register*, 73 Fed. Reg. 16,001 (2008), with interventions and protests due on or before March 28, 2008. None were filed.

IV. Discussion

A. Procedural Matters

10. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2007), the timely, unopposed motion to intervene serves to make the entity that filed it a party to this proceeding.

⁹ Under section 215(j) of the FPA, a regional advisory body, such as WIRAB, may provide advice to the Commission regarding, *inter alia*, the governance of a regional entity within the same region. 16 U.S.C. 824o (Supp. V 2005).

B. Commission Determination

11. The Commission approves NERC's request to increase WECC's 2008 Business Plan and Budget for the purpose of accelerating the consolidation of WECC's three existing reliability centers into two new reliability centers and the completion of WECC's Westwide System Model. Specifically, the Commission approves a proposed increase in allocations of \$4,954,654 for the jurisdictional portion of the increase in WECC's budgeted expenditures for 2008. The Commission finds the proposal reasonable since it would accelerate the current schedule for operation status of the reliability centers and thus would enhance reliability of the Bulk-Power System. In addition, the Commission approves the request to include the loan repayment and interest costs in WECC's 2009 and 2010 assessments. WECC should include the details of the loan repayment and interest costs in its 2009 and 2010 Business Plans and Budgets. In making this determination, the Commission considered WIRAB's advice that WECC's amended budget will accelerate the implementation of the RC Initiative, lower long-term costs and strengthen the institutional independence of the western reliability centers.

The Commission orders:

(A) WECC's Amended Business Plan and Budget is hereby approved, as discussed in the body of this order.

(B) WECC's proposed inclusion of loan repayment and interest costs in its 2009 and 2010 assessments is hereby approved, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.