

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION
103 FERC ¶ 61,163

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

Transmission Congestion on the Delmarva
Peninsula

Docket No. PA03-12-000

FACILITATION OF A FACT-FINDING PROCEEDING

(Issued May 12, 2003)

1. The Commission is establishing a fact-finding proceeding facilitated by an administrative law judge (ALJ), concerning transmission congestion on the portion of the power grid on the Delmarva Peninsula operated by PJM Interconnection, L.L.C. (PJM). This exercise will benefit customers because it will help us evaluate the extent and costs of transmission congestion on the Delmarva Peninsula, help identify potential solutions to the problem, and also assist us in identifying lessons we can learn from this experience that may apply to other situations.

2. The Commission has encouraged the development of methods to effectively and efficiently manage congestion on transmission systems. PJM uses a system of locational marginal pricing (LMP) and financial transmission rights (FTRs) to manage congestion on the PJM system. Some areas of PJM, in particular the Delmarva Peninsula, have experienced significant congestion over the last several years.¹ Transmission congestion can increase the cost of delivered energy to wholesale customers. Customers who hold FTRs for the congested paths should be protected from paying these congestion costs. However, customers who do not hold FTRs will be exposed to these congestion costs. In a number of recent proceedings parties, including Old Dominion Electric Cooperative (ODEC), have argued that transmission congestion has been a persistent problem on the

¹We note that PJM has performed studies to analyze the causes of this congestion. See, e.g., November 7, 2002, "Delmarva Congestion Study" by PJM's Manager-Transmission and Interconnection Planning; December 17, 2002 "Delmarva Congestion Study," by PowerGEM (retained by PJM). These documents are available on the PJM website, www.pjm.com.

Delmarva Peninsula that needs Commission action to be resolved.² Since our goal is to assure that the institutional and analytical frameworks for transmission system management are producing cost-effective and efficient solutions that meet the current and future needs of PJM's stakeholders, this fact-finding exercise will be valuable.

3. Accordingly, we direct the ALJ to conduct a fact-finding inquiry concerning congestion on the Delmarva Peninsula. In particular the ALJ should identify: (1) the historical and expected extent of the congestion and its cost, rate and reliability effects for wholesale and retail customers on the Delmarva Peninsula and elsewhere in PJM; (2) the causes of the congestion; (3) how FTRs have been and can be used to protect customers on the Delmarva Peninsula from congestion costs; (4) whether transmission upgrades currently planned for the Delmarva Peninsula will effectively moderate this congestion; (5) the costs, benefits and timing of transmission expansion to relieve congestion and who will benefit from such transmission expansion; (6) whether demand-side, distributed generation or other generation solutions can complement new transmission to solve these problems over the near or long term; and (7) other opportunities for solutions to better manage congestion costs, and the obstacles and timeliness of possible solutions. The above list is not exclusive; the ALJ and participants to the proceeding may raise other issues that are directly related to the problem of congestion on the Delmarva Peninsula and possible solutions, in addition to those identified above.

4. Our goal is for the ALJ to convene a group of interested parties from the affected area, drawing not only from the Delmarva Peninsula but also from across the PJM area as appropriate. We invite the Public Service Commissions of Delaware and Maryland and the Virginia State Corporation Commission to send expert staff members to participate, and even to send an ALJ to work with the Commission's ALJ if they wish. Any State Commission that is interested in having its ALJ participate in the case study should contact the Commission ALJ to make the appropriate arrangements. We expect the full participation of all wholesale transmission customers on the Delmarva Peninsula, as well as the PJM RTO. Interested entities should file notice of their intent to participate within ten days from the date of this order.

5. We direct the Chief Administrative Law Judge or his designee to appoint a presiding judge to convene a conference no later than fifteen days from the date of this

²These issues are also presently raised in PJM's compliance filing in Docket No. RT01-2 that sets forth PJM's proposal to plan for economic expansions to relieve persistent congestion.

order. We direct the presiding judge to provide a report on the foregoing within sixty days from the date of this order.³ State Commission ALJs or expert staff that participate in the fact-finding may offer written comments or conclusions that will be appended to the Commission ALJ's report.

The Commission orders:

(A) The Secretary is hereby directed to publish this order in the Federal Register.

(B) Entities seeking to participate in this proceeding should file notices of their intent to participate within ten days of the date of this order. However, since this proceeding will not be a formal case, we direct the ALJ to welcome late participants to the proceeding rather than holding strictly to the formal rules of participation and intervention.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by Section 402(a) of the Department of Energy Organization Act and by the Federal Power Act, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the Federal Power Act (18 C.F.R., Chapter I), and the appropriate guidelines for Alternate Dispute Resolutions, the ALJ shall conduct whatever proceedings and hearings may be appropriate to determine the facts and solutions concerning congestion on the Delmarva Peninsula, as discussed in the body of this order.

(D) A presiding administrative law judge, to be designated by the chief administrative law judge, shall convene a conference in the proceeding to be held within fifteen days of the date of this order, in a hearing room of the Federal Energy Regulatory Commission, 888 First Street, N.W., Washington, D.C. 20426. The presiding judge is authorized to establish procedural dates and to rule on all motions (except motions to dismiss) as provided for in the Commission's Rules of Practice and Procedure.

³The ALJ report will not be an initial decision, so we will not entertain the filing of briefs on or opposing exceptions. Further, we do not anticipate the need for cross-examination of witnesses. The Judge need not create an exhaustive record, but may work with the parties to create the record that provides a thorough picture of the facts, problems, and opportunities, and lessons to be learned.

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(E) The presiding judge shall file a report within sixty days after the date of this order, as discussed in the body of this order.

(F) Any State Commission that is interested in having its ALJ participate in the case study should contact the Commission ALJ to make the appropriate arrangements.

(G) The Commission's Office of Administrative Litigation shall provide technical support to the ALJ and the parties in this proceeding.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.