UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeen G. Kelly.

Virginia Electric and Power Company — Docket Nos. ER05-695-000 and ER05-695-001

ORDER ACCEPTING EXECUTED LARGE GENERATOR INTERCONNECTION AGREEMENT

(Issued February 27, 2006)

1. In this order, we accept for filing an executed revised Large Generator Interconnection Agreement (LGIA) between Virginia Electric and Power Company, doing business as Dominion Virginia Power (VEPCO), and Tenaska Virginia II Partners, L.P. (Tenaska), to become effective May 11, 2005, as requested.

Background

2. On March 11, 2005, in Docket No. ER05-695-000, VEPCO filed an unexecuted LGIA with Tenaska,[1] which set forth the terms and conditions governing the interconnection between Tenaska's generating facility[2] and VEPCO's transmission system. The LGIA submitted with the March 11th filing was unexecuted due to a disagreement between VEPCO and Tenaska concerning the imposition of costs on Tenaska resulting from a higher-queued interconnection customer proceeding with its project. VEPCO subsequently integrated into PJM Interconnection, L.L.C. (PJM) as PJM South and transferred functional control of its transmission facilities and transmission provider responsibilities to PJM effective May 1, 2005. VEPCO cancelled its open-access transmission tariff and re-filed the LGIA under the PJM Open Access Transmission Tariff, and the higher-queued project dropped out of VEPCO's queue, causing Tenaska's interconnection request to be restudied. VEPCO tendered to Tenaska a new facility study on November 3, 2005, detailing the specific facilities required to interconnect the Tenaska generating facility. As a result of the new facility study, the

[1] VEPCO has filed the LGIA as PJM Interconnection, L.L.C., FERC Electric Tariff, Sixth Revised Volume No. 1, First Revised Service Agreement No. 1334.

[2] VEPCO states that Tenaska's generating facility consists of a proposed 625 MW summer/675 MW winter-rated facility located in Buckingham County, Virginia.

parties agreed to revise Appendices A, B, and C of the LGIA and to file an executed LGIA. On December 29, 2005, in Docket No. ER05-695-001, the two parties filed jointly an executed revised LGIA. The executed LGIA is based on VEPCO's pro forma LGIA before it joined PJM and cancelled its open access transmission tariff.

Notice of Filing and Responsive Pleadings

3. Notice of VEPCO's March 11 filing was published in the *Federal Register*, 70 Fed. Reg. 15,078 (2005), with protests and interventions due on or before April 1, 2005. The comment date was subsequently extended to May 23, 2005. Tenaska filed a timely motion to intervene and conditional protest. Tenaska submitted its conditional protest in the event that the parties could not reach a settlement on the remaining issue. Tenaska made two requests to the Commission to hold this proceeding in abeyance; VEPCO informed the Commission that it did not object to these requests. Notice of VEPCO's December 29, 2005 filing was published in the *Federal Register*, 71 Fed. Reg.2,212 (2005), with protests and interventions due on or before January 19, 2006. None were filed. However, Tenaska did not withdraw its protest in Docket No. ER05-695-000.

Discussion

A. Procedural Matters

4. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2005), Tenaska's timely, unopposed motion to intervene serves to make it a party to this proceeding.

B. Substantive Matters

5. Originally, VEPCO stated it filed the LGIA in unexecuted form because VEPCO and Tenaska disagreed with respect to Tenaska's request that Appendices A, B and C include an alternative description of required interconnection facilities based upon the possible withdrawal of a higher-queued generator. In its protest, Tenaska explained that it sought to modify proposed Appendix A to clarify that, in the event that the higher-queued CPV Cunningham Creek LLC (CPV) was no longer in the queue when VEPCO began constructing the network upgrades currently identified in the LGIA as needed to inter-connect Tenaska, Tenaska would not be required to finance approximately $65 million in network upgrades that would no longer be needed.[3]

[3] Tenaska stated that, according to a study performed by VEPCO, if CPV withdrew from the queue, the cost of the transmission provider's interconnection

(continued)

6. On June 16, 2005, in Docket No. ER05-1120-000, VEPCO filed a Notice of Cancellation of its interconnection agreement with CPV due to CPV's conclusion that it could not meet certain obligations under the agreement. On July 29, 2005, the Commission accepted the Notice of Cancellation, effective June 17, 2005.[4] The termination of VEPCO's interconnection agreement with CPV eliminated the need for Tenaska's proposed alternative description of the required interconnection facilities in the LGIA at issue here. Tenaska subsequently executed a revised LGIA with VEPCO, filed in Docket No. ER05-695-001. In light of these events, there is no need to consider Tenaska's protest. In short, it is now moot. We will therefore accept the new uncontested executed revised LGIA, effective May 11, 2005, as requested.

<u>The Commission orders</u>:

The executed revised LGIA is hereby accepted, to become effective May 11, 2005, as discussed in the body of this order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

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facilities will increase slightly from $1.6 million to $1.8 million, but the cost of the network upgrades will decrease substantially from $66 million to $570,000. Tenaska Protest at 3. Therefore, Tenaska argued that, if CPV is not in the queue, the additional network upgrades become unnecessary and Tenaska's up-front costs decrease by approximately $65 million. *Id*.

[4] *See Virginia Elec. and Power Co.,* Docket No. ER05-1120-000 (July 29, 2005).