

1. [U.S. Code](#) › [Title 16](#) › [Chapter 12](#) › [Subchapter II](#) › § 824k

16 U.S. Code § 824k - Orders requiring interconnection or wheeling

§ 824k.

Orders requiring interconnection or wheeling

(a) Rates, charges, terms, and conditions for wholesale transmission services

An order under [section 824j of this title](#) shall require the transmitting utility subject to the order to provide wholesale transmission services at rates, charges, terms, and conditions which permit the recovery by such utility of all the costs incurred in connection with the transmission services and necessary associated services, including, but not limited to, an appropriate share, if any, of legitimate, verifiable and economic costs, including taking into account any benefits to the transmission system of providing the transmission service, and the costs of any enlargement of transmission facilities. Such rates, charges, terms, and conditions shall promote the economically efficient transmission and generation of electricity and shall be just and reasonable, and not unduly discriminatory or preferential. Rates, charges, terms, and conditions for transmission services provided pursuant to an order under [section 824j of this title](#) shall ensure that, to the extent practicable, costs incurred in providing the wholesale transmission services, and properly allocable to the provision of such services, are recovered from the applicant for such order and not from a transmitting utility's existing wholesale, retail, and transmission customers.

(b) Repealed. [Pub. L. 102–486, title VII, § 722\(1\), Oct. 24, 1992, 106 Stat. 2916](#)

(c) Issuance of proposed order; agreement by parties to terms and conditions of order; approval by Commission; inclusion in final order; failure to agree

(1)

Before issuing an order under [section 824i of this title](#) or subsection (a) or (b) of [section 824j of this title](#), the Commission shall issue a proposed order and set a reasonable time for parties to the proposed interconnection or transmission order to agree to terms and conditions under which such order is to be carried out, including the apportionment of costs between them and the compensation or reimbursement reasonably due to any of them. Such proposed order shall not be reviewable or enforceable in any court. The time set for such parties to agree to such terms and conditions may be shortened if the Commission determines that delay would jeopardize the attainment of the purposes of any proposed order. Any terms and conditions agreed to by the parties shall be subject to the approval of the Commission.

(2)

(A)

If the parties agree as provided in paragraph (1) within the time set by the [Commission](#) and the [Commission](#) approves such agreement, the terms and conditions shall be included in the final order. In the case of an order under [section 824i of this title](#), if the parties fail to agree within the time set by the Commission or if the Commission does not approve any such agreement, the Commission shall prescribe such terms and conditions and include such terms and conditions in the final order.

(B)

In the case of any order applied for under [section 824j of this title](#), if the parties fail to agree within the time set by the Commission, the Commission shall prescribe such terms and conditions in the final order.

(d) Statement of reasons for denial

If the [Commission](#) does not issue any order applied for under [section 824i](#) or [824j](#) of this title, the Commission shall, by order, deny such application and state the reasons for such denial.

(e) Savings provisions

(1)

No provision of [section 824i](#), [824j](#), [824m](#) of this title, or this section shall be treated as requiring any person to utilize the authority of any such section in lieu of any other authority of law. Except as provided in [section 824i](#), [824j](#), [824m](#) of this title, or this section, such sections shall not be construed as limiting or impairing any authority of the Commission under any other provision of law.

(2)

Sections [824i](#), [824j](#), [824l](#), [824m](#) of this title, and this section, shall not be construed to modify, impair, or supersede the antitrust laws. For purposes of this section, the term “antitrust laws” has the meaning given in subsection (a) of the first sentence of [section 12 of title 15](#), except that such term includes [section 45 of title 15](#) to the extent that such section relates to unfair methods of competition.

(f) Effective date of order; hearing; notice; review

(1)

No order under section [824i](#) or [824j](#) of this title requiring the Tennessee Valley Authority (hereinafter in this subsection referred to as the “TVA”) to take any action shall take effect for 60 days following the date of issuance of the order. Within 60 days following the issuance by the Commission of any order under section [824i](#) or of [section 824j of this title](#) requiring the TVA to enter into any contract for the sale or delivery of power, the Commission may on its own motion initiate, or upon petition of any aggrieved person shall initiate, an evidentiary hearing to determine whether or not such sale or delivery would result in violation of the third sentence of section 15d(a) of the Tennessee Valley Authority Act of 1933 ([16 U.S.C. 831n–4](#)), hereinafter in this subsection referred to as the TVA Act [[16 U.S.C. 831](#) et seq.].

(2) Upon initiation of any evidentiary hearing under paragraph (1), the Commission shall give notice thereof to any applicant who applied for and obtained the order from the Commission, to any electric utility or other entity subject to such order, and to the public, and shall promptly make the determination referred to in paragraph (1). Upon initiation of such hearing, the Commission shall stay the effectiveness of the order under section [824i](#) or [824j](#) of this title until whichever of the following dates is applicable—

(A)

the date on which there is a final determination (including any judicial review thereof under paragraph (3)) that no such violation would result from such order, or

(B)

the date on which a specific authorization of the Congress (within the meaning of the third sentence of section 15d(a) of the TVA Act [[16 U.S.C. 831n–4\(a\)](#)]) takes effect.

(3)

Any determination under paragraph (1) shall be reviewable only in the appropriate court of the United States upon petition filed by any aggrieved person or municipality within 60 days after such determination, and such court shall have jurisdiction to grant appropriate relief. Any applicant who applied for and obtained the order under section [824i](#) or [824j](#) of this title, and any electric utility or other entity subject to such order shall have the right to intervene in any such proceeding in such court. Except for review by such court (and any appeal or other review by an appellate court of the United States), no court shall have jurisdiction to consider any action brought by any person to enjoin the carrying out of any order of the Commission under section [824i](#) or [section 824j of this title](#) requiring the TVA to take any action on the grounds that such action requires a specific authorization of the Congress pursuant to the third sentence of section 15d(a) of the TVA Act [[16 U.S.C. 831n–4\(a\)](#)].

(g) Prohibition on orders inconsistent with retail marketing areas

No order may be issued under this chapter which is inconsistent with any State law which governs the retail marketing areas of electric utilities.

(h) Prohibition on mandatory retail wheeling and sham wholesale transactions No order issued under this chapter shall be conditioned upon or require the transmission of electric energy:

(1)

directly to an ultimate consumer, or

(2) to, or for the benefit of, an entity if such electric energy would be sold by such entity directly to an ultimate consumer, unless:

(A)

such entity is a Federal power marketing agency; the Tennessee Valley Authority; a State or any political subdivision of a State (or an agency, authority, or instrumentality of a State or a political subdivision); a corporation or association that has ever received a loan for the purposes of providing electric service from the Administrator of the Rural Electrification Administration under the Rural Electrification Act of 1936 [[7 U.S.C. 901](#) et seq.]; a person having an obligation arising under State

or local law (exclusive of an obligation arising solely from a contract entered into by such person) to provide electric service to the public; or any corporation or association which is wholly owned, directly or indirectly, by any one or more of the foregoing; and

(B)

such entity was providing electric service to such ultimate consumer on October 24, 1992, or would utilize transmission or distribution facilities that it owns or controls to deliver all such electric energy to such electric consumer.

Nothing in this subsection shall affect any authority of any [State](#) or local government under [State](#) law concerning the transmission of electric energy directly to an ultimate consumer.

(i) Laws applicable to Federal Columbia River Transmission System

(1) The [Commission](#) shall have authority pursuant to [section 824i of this title](#), [section 824j of this title](#), this section, and section 824l of this title to (A) order the [Administrator](#) of the Bonneville Power Administration to provide transmission service and (B) establish the terms and conditions of such service. In applying such sections to the Federal Columbia River Transmission System, the Commission shall assure that—

(i)

the provisions of otherwise applicable Federal laws shall continue in full force and effect and shall continue to be applicable to the [system](#); and

(ii)

the rates for the transmission of electric power on the [system](#) shall be governed only by such otherwise applicable provisions of law and not by any provision of [section 824i of this title](#), [section 824j of this title](#), this section, or section 824l of this title, except that no rate for the transmission of power on the system shall be unjust, unreasonable, or unduly discriminatory or preferential, as determined by the Commission.

(2) Notwithstanding any other provision of this chapter with respect to the procedures for the determination of terms and conditions for transmission service—

(A) when the [Administrator](#) of the Bonneville Power Administration either (i) in response to a written request for specific transmission service terms and conditions does not offer the requested terms and conditions, or (ii) proposes to establish terms and conditions of general applicability for transmission service on the Federal Columbia River Transmission System, then the [Administrator](#) may provide opportunity for a hearing and, in so doing, shall—

(I)

give notice in the Federal Register and [state](#) in such notice the written explanation of the reasons why the specific terms and conditions for transmission services are not being offered or are being proposed;

(II)

adhere to the procedural requirements of paragraphs (1) through (3) of [section 839e\(i\) of this title](#), except that the hearing officer shall, unless the hearing officer becomes unavailable to the agency, make a recommended decision to the Administrator that states the hearing officer's findings and conclusions, and the reasons or basis thereof, on all material issues of fact, law, or discretion presented on the record; and

(III)

make a determination, setting forth the reasons for reaching any findings and conclusions which may differ from those of the hearing officer, based on the hearing record, consideration of the hearing officer's recommended decision, [section 824j of this title](#) and this section, as amended by the Energy Policy Act of 1992, and the provisions of law as preserved in this section; and

(B) if application is made to the [Commission](#) under [section 824j of this title](#) for transmission service under terms and conditions different than those offered by the Administrator, or following the denial of a request for transmission service by the Administrator, and such application is filed within 60 days of the Administrator's final determination and in accordance with Commission procedures, the Commission shall—

(i)

in the event the [Administrator](#) has conducted a hearing as herein provided for (I) accord parties to

the [Administrator](#)'s hearing the opportunity to offer for the Commission record materials excluded by the [Administrator](#) from the hearing record, (II) accord such parties the opportunity to submit for the Commission record comments on appropriate terms and conditions, (III) afford those parties the opportunity for a hearing if and to the extent that the Commission finds the [Administrator](#)'s hearing record to be inadequate to support a decision by the Commission, and (IV) establish terms and conditions for or deny transmission service based on the [Administrator](#)'s hearing record, the Commission record, [section 824j of this title](#) and this section, as amended by the Energy Policy Act of 1992, and the provisions of law as preserved in this section, or

(ii)

in the event the [Administrator](#) has not conducted a hearing as herein provided for, determine whether to issue an order for transmission service in accordance with [section 824j of this title](#) and this section, including providing the opportunity for a hearing.

(3)

Notwithstanding those provisions of [section 825l\(b\) of this title](#) which designate the court in which review may be obtained, any party to a proceeding concerning transmission service sought to be furnished by the Administrator of the Bonneville Power Administration seeking review of an order issued by the Commission in such proceeding shall obtain a review of such order in the United States Court of Appeals for the Pacific Northwest, as that region is defined by [section 839a\(14\) of this title](#).

(4)

To the extent the [Administrator](#) of the Bonneville Power Administration cannot be required under [section 824j of this title](#), as a result of the Administrator's other statutory mandates, either to (A) provide transmission service to an applicant which the Commission would otherwise order, or (B) provide such service under rates, terms, and conditions which the Commission would otherwise require, the applicant shall not be required to provide similar transmission services to the Administrator or to provide such services under similar rates, terms, and conditions.

(5)

The [Commission](#) shall not issue any order under [section 824i of this title](#), [section 824j of this title](#), this section, or section 824l of this title requiring the Administrator of the Bonneville Power Administration to provide transmission service if such an order would impair the Administrator's ability to provide such transmission service to the Administrator's power and transmission customers in the Pacific Northwest, as that region is defined in [section 839a\(14\) of this title](#), as is needed to assure adequate and reliable service to loads in that region.

(j) Equitability within territory restricted electric systems

With respect to an electric utility which is prohibited by Federal law from being a source of power supply, either directly or through a distributor of its electric energy, outside an [area](#) set forth in such law, no order issued under [section 824j of this title](#) may require such electric utility (or a distributor of such electric utility) to provide transmission services to another entity if the electric energy to be transmitted will be consumed within the area set forth in such Federal law, unless the order is in furtherance of a sale of electric energy to that electric utility: Provided, however, That the foregoing provision shall not apply to any area served at retail by an electric transmission system which was such a distributor on October 24, 1992, and which before October 1, 1991, gave its notice of termination under its power supply contract with such electric utility.

(k) ERCOT utilities

(1) Rates

Any order under [section 824j of this title](#) requiring provision of transmission services in whole or in part within ERCOT shall provide that any ERCOT utility which is not a public utility and the transmission facilities of which are actually used for such transmission service is entitled to receive compensation based, insofar as practicable and consistent with subsection (a), on the transmission ratemaking methodology used by the Public Utility Commission of Texas.

(2) DefinitionsFor purposes of this subsection—

(A)

the term "ERCOT" means the [Electric Reliability Council of Texas](#); and

(B)

the term “[ERCOT utility](#)” means a transmitting utility which is a member of ERCOT.

(June 10, 1920, ch. 285, pt. II, § 212, as added [Pub. L. 95–617, title II, § 204\(a\)](#), Nov. 9, 1978, [92 Stat. 3138](#); amended [Pub. L. 102–486, title VII, § 722](#), Oct. 24, 1992, [106 Stat. 2916](#).)