

# SATA Education: Transmission-Distribution

Operating Committee  
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# Order No. 888's "Seven-Factor" Test distinguishes transmission facilities from local distribution facilities

- (1) Local distribution facilities are normally in close proximity to retail customers.
- (2) Local distribution facilities are primarily radial in character.
- (3) Power flows into local distribution systems; it rarely, if ever, flows out.
- (4) When power enters a local distribution system, it is not reconsigned or transported on to some other market.
- (5) Power entering a local distribution system is consumed in a comparatively restricted geographical area.
- (6) Meters are based at the transmission/local distribution interface to measure flows into the local distribution system.
- (7) Local distribution systems will be of reduced voltage.

Order No. 888, FERC Stats. & Regs. 31,036, 61 Fed. Reg. 21,540, 21,620 (1996).

ISO-NE's SATOAs are properly characterized as transmission assets, and the costs of a SATOA are appropriately recoverable through transmission rates, because:

- (1) the SATOA definition requires that a SATOA be connected to the transmission system as a transmission facility and be capable of receiving energy only from pool transmission facilities and storing the energy for later injection to pool transmission facilities;
- (2) a proposed SATOA must be identified or selected in ISO-NE's transmission planning processes as the preferred solution to resolve a transmission issue;
- (3) there must be a need to resolve the transmission issue through the storage facility's function as a SATOA, as the transmission issue cannot be addressed by a market solution;
- (4) a SATOA will operate only as necessary to address the applicable system needs or concerns for which the SATOA was identified to address; and
- (5) the SATOA will be under ISO-NE's operational control.

*ISO New England Inc.*, 185 FERC ¶ 61,044, at P 44 (2023); see also *Sw. Power Pool, Inc.*, 183 FERC ¶ 61,153 at PP 28-29 (2023).

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