

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Transmission Loading Relief Reliability) Docket No. RM10-9
Standard And Curtailment Priorities)

**COMMENTS OF
THE ISO/RTO COUNCIL**

I. INTRODUCTION

The ISO/RTO Council (“IRC”)¹ respectfully submits these joint comments in response to the Federal Regulatory Energy Commission’s (“Commission”) Notice of Inquiry (NOI) issued on January 21, 2010 in which the Commission requests comments on the interplay between Reliability Standard IRO-006-4 (Reliability Coordination -- Transmission Loading Relief) and the curtailment priorities set forth in the Commission’s *pro forma* open access transmission tariff, particularly Sections 13.6 and 14.7.²

¹ The IRC is comprised of the Independent System Operators operating as the Alberta Electric System Operator (“AESO”), the California Independent System Operator (“CAISO”), Electric Reliability Council of Texas (“ERCOT”), the Independent Electricity System Operator of Ontario, Inc., (“IESO”), ISO New England Inc. (“ISONE”), Midwest Independent Transmission System Operator, Inc., (“Midwest ISO”), New York Independent System Operator, Inc. (“NYISO”), PJM Interconnection, L.L.C. (“PJM”), Southwest Power Pool, Inc. (“SPP”), and New Brunswick System Operator (“NBSO”). The IESO, AESO and NBSO are not subject to the Commission’s jurisdiction and these comments do not constitute agreement or acknowledgement that either can be subject to the Commission’s jurisdiction. ERCOT is not subject to the Commission’s jurisdiction for the purposes of the NAESB standards, and since it does not use the NERC Transmission Loading Relief procedure, it does not join in submitting these comments. ISONE and CAISO do not offer *pro forma* Point-to-Point Service, initiate Transmission Load Relief Requests (TLR) or utilize TLR-like procedures to initiate curtailments, but are joining in support of these comments. Neither AESO nor NBSO are parties to this filing. The IRC’s mission is to work collaboratively to develop effective processes, tools and standard methods for improving the competitive electricity markets across North America. In fulfilling this mission, it is the IRC’s goal to provide a perspective that balances reliability standards with market practices so that each complements the other, thereby resulting in efficient, robust markets that provide competitive and reliable service to customers.

² *Transmission Loading Relief Reliability Standard and Curtailment Priorities*, 130 FERC ¶ 61,033 (2010) (“NOI”).

I. BACKGROUND

In the NOI, the Commission states that parties have raised issues regarding Reliability Standard IRO-006-4 that merit further inquiry. Accordingly, the Commission seeks public comment on whether the current application of the transmission loading relief (“TLR”) procedures and Reliability Standard IRO-006-4 are inconsistent with OATT curtailment priorities and, if so, what the recommended corrective actions are. In addition, the Commission seeks comment on seven specific questions regarding the actual implementation and functioning of TLR procedures and curtailment. The Commission also requests that the North American Electric Reliability Corporation (“NERC”) provide a status on its efforts to improve the Interchange Distribution Calculator (“IDC”) in this proceeding.

II. COMMENTS

The IRC appreciates the opportunity to respond to the NOI and offers the following comments for the Commission’s consideration. The IRC has had an opportunity to review a draft of the comments that the IRC understands NERC intends to file in this proceeding and generally supports those comments. However, the IRC offers three modifications/clarifications for the Commission’s consideration with respect to NERC’s comments.

A. The Maximum Parallel Testing Period For IDC Change Order #283 Should Be Six Months and not 12-18 Months

Based on a review of the draft NERC comments, it is the IRC’s understanding that the assignment of priorities under Parallel Flow Visualization Project is a commercial issue being addressed by the North American Energy Standards Board (“NAESB”) and that NERC’s only involvement is making sure the IDC can accommodate whatever procedure NAESB establishes to set the generation-to-load priorities. The IRC also understands that, because of

the scope of work of the changes associated with IDC Change Order #283, which attempts to improve the quality of the data used in the IDC with regard to the calculation of the impacts of Network and Native Load (“NNL”) uses of the transmission system on a given constraint, NERC expects to utilize an extensive test period of the software changes prior to using the new approach in actual TLR events. The new approach is expected to become effective on or before November of 2010, based on the current schedule proposed by the IDC vendor after which the NERC Operating Reliability Subcommittee (“ORS”) recommends a twelve to eighteen-month parallel operations test period.

The IRC recognizes that this is a significant update to the IDC, and that the IDC Working Group has developed a very aggressive schedule to have the system ready for parallel operations by November 2010. Not only is there a risk that the software may not be ready for implementation, but there is also the risk that data needed from all Reliability Coordinators in the Eastern Interconnection may not be available in time to start the parallel operations test by November 2010. While the IRC acknowledges that there could be some slippage of the parallel operations test start date due to the magnitude and complexity of this project, the IRC’s primary concern is the unnecessary, significant length of the parallel operation test period (12 --18 months) that was included in the initial motion approved by the ORS prior to fully implementing the Parallel Flow Visualization approach.

The IRC agrees that some initial period of time is needed to verify results and troubleshoot problems (probably 3 --6 months). However, the IRC does not believe that any further benefits will be obtained by continuing to operate in a parallel mode with the current IDC production system beyond this initial period of time, especially for a total testing period of 12-18 months. If this were a case where the current production system was producing credible results and the Parallel Flow Visualization Project was merely making some minor

modifications to a process that was already functioning properly, the IRC would have less of a concern with the proposed length of the parallel operation test period. That, however, is not the case. The current IDC in the production system has a number of deficiencies that are creating both equity and accuracy concerns. These current IDC flaws include: (1) the use of static data from the SDX to make the NNL impact calculation during TLR 5; (2) Reliability Coordinators in the Eastern Interconnection lack visualization as to the source and magnitude of parallel flows when they experience congestion; and (3) priorities of generation to load physical transaction impacts are ignored when calculating curtailment relief obligations.³ Accordingly, the IRC is of the opinion that the existing deficient process needs to be replaced as soon as possible. The IRC agrees that acceptance criteria and metrics are needed, but once the acceptance criteria and metrics have been met, the Parallel Flow Visualization Project needs to be moved from the staging system to being fully implemented. The IRC recommends a maximum six month period for parallel operations, not 12-18 months. If the actual testing experience suggests additional time for testing is needed, NERC should report back to the Commission on the progress of the testing and provide justification as to why additional time is need to complete the testing.

B. The Parameters Of IDC Change Order #310 Need to Be Clarified

The IRC has two specific concerns with NERC's IDC Change Order #310, which, although it was proposed in January 2010, has not received NERC approval yet and therefore should only be considered a proposed IDC Change Order. The IRC's concerns with IDC Change Order #310 are as follows:

³ The NYISO Open Access Transmission Tariff does not provide for internal physical bilaterals; all load is served. All internal bilaterals in New York are financial and do not affect physical flows.

First, IDC Change Order #310 will curtail internal transactions that source and sink in the same Balancing Authority Area (“BAA”) on a proportional basis with other point-to-point transactions. However, currently, there is no requirement that all internal transactions using point-to-point transmission service be tagged. If there were a requirement that all physical internal transactions using point-to-point service be tagged and subject to the established curtailment process, that would be an acceptable approach and would result in a consistent treatment for all internal transactions using point-to-point service. Absent such a requirement, however, the treatment of all internal transactions using point-to-point service will not be consistent with their tagged counterparts. Only those tagged internal point-to-point transactions would be subject to curtailment, while the transactions not tagged would be excluded from curtailment.

Second, it is the IRC’s understanding that there is no requirement that the CO #310 curtailments of internal transactions be limited to internal transactions using point-to-point service. Under these circumstances, CO #310 curtailments potentially could be applied to the NNL calculation as an alternative approach to the generation-to-load calculation being made under IDC Change Order #283. Having two different approaches to determine NNL curtailment impacts on the same flowgate is problematic because it can lead to situations where a Transmission Operator (“TOP”) may evaluate the NNL curtailment impacts using both approaches and then select the approach that gives them the most favorable outcome during a TLR event. This situation can be avoided with agreement to always use the IDC Change Order #310 approach for assessing impacts of internal transactions using point-to-point service and use the IDC Change Order #283 approach for the assessing impacts of NNL usage. This approach would also require that all internal transactions using point-to-point service be tagged.

C. Comments On NAESB Involvement In The Parallel Flow Visualization Project

It is the IRC's understanding that NAESB is currently developing modifications to WEQ-008, as well as other business practices, to maintain compliance with provisions of the pro-forma OATT. This effort was initiated in the NAESB 2008 WEQ Annual Plan and has been carried forward to the 2010 Annual Plan as "1.a Parallel Flow Visualization/Mitigation for Reliability Coordinators in the Eastern Interconnection."⁴ Essentially, NERC and NAESB are working together on the Parallel Flow Visualization Project, with NERC being responsible for the reliability issues (*i.e.*, having an IDC tool that includes parallel flow information that will be used by the Reliability Coordinator to manage congestion) and NAESB being responsible for the commercial issues (*i.e.*, assigning a priority to NNL impacts used during curtailments). NAESB has assigned this Annual Plan Item to the Wholesale Electric Quadrant Business Practices Subcommittee that has been working closely with the IDC Working Group to ensure that whatever formal approach is used to set priorities will be compatible with the revisions being made to the IDC.

The NAESB Wholesale Electric Quadrant Business Practices Subcommittee has held six separate meetings⁵ to discuss assigning priorities. In these meetings, the subcommittee has identified a number of different transmission system usages that the IDC tries to accommodate when congestion occurs. This presents challenges when identifying these usages as either firm or non-firm. The subcommittee has identified situations where the default of a firm priority is used for NNL calculation. The following two options have been discussed by the NAESB subcommittee to determine if a common approach for assigning priorities can be used

⁴ http://www.naesb.org/pdf4/weq_2010_annual_plan.doc

⁵ October 21, 2009; November 16, 2009 (conference call); December 8, 2009; January 20, 2010, February 23, 2010; and March 17-18, 2010.

for all entities in the Eastern Interconnection: (1) Common Generator Prioritization Method;⁶ and (2) Flowgate Allocation Prioritization Method.⁷

The subcommittee is currently working to identify the hurdles for each of these Prioritization Methods to determine if the hurdles can be overcome. If they cannot be resolved, another Prioritization Method, or multiple methods, may need to be established. The timing of NAESB's establishment of a Prioritization Method is directly linked to how quickly the hurdles can be addressed and an approach(es) for establishing priorities finalized.

Thus, the IRC urges the Commission to keep in mind that, in developing directives to address curtailment priorities, having NAESB approve the methodologies used to set the priorities is critical to establishing the acceptance criteria and moving the Parallel Flow Visualization Project into production. The IRC understands that if NAESB is unable to reach a consensus on its own, it may seek guidance from the Commission.

⁶ http://www.naesb.org/pdf4/weq_bps012010w2.doc

⁷ http://www.naesb.org/pdf4/weq_bps012010w3.doc

III. CONCLUSION

The IRC requests that the Commission consider the above comments in determining how to proceed to address the issues raised in the NOI.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the captioned proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom this 29th day of March, 2010.

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