

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;  
Nora Mead Brownell, and Joseph T. Kelliher.

Entergy Services, Inc.

Docket Nos. ER02-2014-006  
ER02-2014-007  
ER02-2014-011

ORDER TERMINATING PROCEEDINGS

(Issued March 25, 2004)

1. In this order, the Commission accepts for filing the Report regarding Entergy's Directional and Internal Generator Operating Limits (GOL) procedures filed by Entergy on November 3, 2003 and terminates these proceedings.

**I. Background**

2. On June 3, 2002, Entergy filed Attachment Q to its Open Access Transmission Tariff (OATT),<sup>1</sup> which proposed a GOL procedure (Initial Proposed GOL) to address local transmission constraints on the Entergy transmission system and to provide a process for generators to participate in short-term bulk power markets without first submitting each proposed transaction for a System Impact Study (SIS)<sup>2</sup>. The GOL procedure set forth the methodology for evaluating local transmission constraints on Entergy's transmission system. The GOL is the MW value up to which a generating facility, or group of generating facilities, can ordinarily be operated on a short-term basis without compromising local transmission reliability and without requiring an SIS for transmission service requests. On August 2, 2002, the Commission accepted the Initial Proposed GOL filing, suspended its effectiveness until January 3, 2003, and directed staff to convene a technical conference to explore the issues raised by the parties.<sup>3</sup> We ordered

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<sup>1</sup> Entergy FERC Electric Tariff Second Revised Volume No. 3.

<sup>2</sup> The System Impact Study provides a flow-based, source-to-sink analysis of the actual transmission service request at issue and is more time-consuming than the methods Entergy currently uses.

<sup>3</sup> Entergy Services, Inc., 101 FERC ¶ 61,147 (2002) (August 2 Order).

Entergy to continue to offer the unfiled GOL procedure (Original GOL procedure) it had in place before it filed Attachment Q.<sup>4</sup>

3. The technical conference was held on October 29, 2002. After the technical conference, Entergy filed comments in which it proposed to make extensive modifications to its GOL procedure (Amended GOL filing) to resolve outstanding issues.

4. On December 16, 2002, the Commission issued an order<sup>5</sup> dismissing without prejudice Entergy's Initial Proposed GOL procedure because the substance of its proposal had been superseded by the Amended GOL filing. We directed Entergy to refile its Amended GOL within 30 days of the issuance of the order, setting forth a specific and better-supported proposal (including revision of its OATT) to implement a GOL procedure.

5. On January 15, 2003, Entergy filed a revised Attachment Q and a further explanation setting forth in more detail its proposed revisions to the Amended GOL proposal. On March 13, 2003, the Commission accepted the Amended GOL proposal subject to conditions (March 13 Order).

6. The Commission established procedures for continuing to investigate the GOL process as the parties gained experience with it. We required Entergy to file a Report on the operation of the GOL during the period of implementation to include sufficient information for the Commission and the parties to determine whether the GOL methodology: (1) resulted in restricting or withholding available transmission capacity from IPPs and other generators that use transmission service, or (2) resulted in an unfair advantage or preferential treatment to Entergy's merchant generators. We also required

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<sup>4</sup> On October 11, 2002, the Commission granted rehearing (Rehearing Order) of the August 2 Order and found that Entergy's Original GOL procedure should have been filed with the Commission. The Commission ruled that under Section 205 of the Federal Power Act, Entergy cannot adopt operating practices such as its Original GOL procedure that affect reservations, scheduling and curtailment without making a filing to obtain Commission authorization. On October 17, 2002, Entergy filed an Emergency Request for Stay of the Rehearing Order, arguing that the elimination of its Original GOL procedures would harm the short term market by requiring Entergy to perform an SIS for all daily and weekly transmission service requests. On November 7, 2002, the Commission issued an Order Denying Stay and Clarifying Prior Order.

<sup>5</sup> Entergy Services, Inc., 101 FERC ¶ 61,291 (2002).

Entergy to file extensive monthly information through September 2003.<sup>6</sup> Finally, we directed the Commission staff to hold a technical conference.

7. On June 4, 2003, the Commission issued two additional orders regarding Entergy's GOL procedure. First, the Commission issued an order accepting an amendment to the GOL filing that adopted the Internal GOL procedure.<sup>7</sup> The Internal GOL procedure calculates a value for the Entergy control area to be used to reserve transmission service (network and point-to-point) internal to the Entergy control area. The order accepting the Internal GOL procedure contained similar reporting requirements set forth in the March 13 order. The Commission also issued an order denying rehearing of the March 13 order and modifying Entergy's GOL process to require, among other things, that Entergy (1) perform transaction-specific SISs for daily and weekly transmission service requests and (2) use its knowledge of the system to identify any additional capacity not identified in the GOL calculation.

8. On November 6, 2003, the Commission staff held a technical conference for the purpose of reviewing the monthly data submissions. On November 3, 2003, Entergy filed its Report and on December 8-9, 2003, the Commission staff held a second technical conference to examine, among other things, any issues arising from the GOL implementation period. After the December technical conference, the parties submitted Initial Comments and Reply Comments.

## **II. Description of Entergy's Current GOL Procedures**

9. Entergy states that it currently evaluates requests for short-term transmission service<sup>8</sup> by conducting two assessments of transfer capability that do not involve a transaction-specific SIS. First, Entergy determines the Available Transfer Capability (ATC) by measuring the transfer capability between control areas over regional

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<sup>6</sup> These monthly submittals were filed in Docket No. ER02-2014-011.

<sup>7</sup> 103 FERC ¶ 61,271 (2003).

<sup>8</sup> Entergy states that "short term transmission service" includes: (1) firm and non-firm point-to-point transmission service for less than one year; (2) requests by existing network customers to designate new network resources for a period of less than one year; and (3) requests by existing network customers to designate secondary (non-firm) resources for any duration.

transmission facilities. Entergy posts ATC values for each control area interface it shares with a directly interconnected control area.<sup>9</sup>

10. Entergy calculates the GOLs, which measure transfer capability over local transmission facilities for each generator in the Entergy control area. It also now uses a Directional GOL procedure that calculates transfer capability for short-term point-to-point transmission service requests to Entergy's interfaces with other control areas.<sup>10</sup> Entergy also uses an Internal GOL procedure that is designed for short-term network and firm point-to-point transmission service within Entergy's control area.<sup>11</sup>

11. If the ATC and GOL calculations indicate that transfer capability is unavailable, a customer can ask Entergy to perform a SIS or to use Entergy's knowledge of its system to determine whether to grant the requested service.

### **III. Notice and Responsive Filings**

12. Entergy's Report Regarding Generator Operating Limits was filed with the Commission on November 3, 2003. The Commission issued a Notice of Technical Conference to discuss the results of the Entergy GOL report and scheduled the technical conference for December 8-9, 2003. The notice of the technical conference was published in the Federal Register on December 3, 2003.<sup>12</sup>

13. After the technical conference, Entergy filed a supplement to its Report Regarding Generator Operating Limits on December, 24, 2003.

14. Various intervenors filed post-technical conference Initial Comments. On December 23, 2003, Duke Energy North America, LLC filed its post-technical conference comments. On December 30, 2003 the Commission received comments from Reliant Resources, Inc., TECO Power Services Corporation, Calpine Corporation,

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<sup>9</sup> Entergy Services, Inc., Report Regarding Generator Operating Limits, Docket Nos. ER02-2014-006 & ER02-2014-011, filed November 3, 2003.

<sup>10</sup> The Directional GOL procedure was addressed in Entergy Services, Inc., 102 FERC ¶ 61,282 (2003), order on reh'g, 103 FERC ¶ 61,271 (2003).

<sup>11</sup> The Internal GOL procedure was addressed in Entergy Services, Inc., 103 FERC ¶ 61,270 (2003).

<sup>12</sup> 68 Fed. Reg. 67,671.

Intergen Services, Inc., and NRG Energy, Inc. Further comment was filed by LaFayette Utilities System on January 7, 2004.

15. On January 7, 2004, Entergy filed post-technical conference Reply Comments.

#### **IV. The GOL Report**

16. Entergy's GOL Report purports to show that the GOL process is reasonable. In the GOL Report, Entergy divided the GOL implementation period into two stages to reflect the sequence of approvals of the Directional GOL proposal and the Internal GOL proposal.<sup>13</sup> The first stage of implementation was April 14, 2003 to July 11, 2003. During this time, Entergy calculated Directional GOL values for each generator in the Entergy control area to each control area directly interconnected with the Entergy transmission system. Since the Internal GOL values had not been approved by the Commission, any transmission requests that were internal to the Entergy control area were evaluated with a monthly SIS. The second stage covered July 12, 2003 through September 30, 2003, during which Entergy calculated Internal GOL values as well as Directional GOL values.

#### **V. Post-Technical Conference Comments**

17. Three parties filed comments on the Report in general. NRG argued that most of the time, when a customer requests a SIS after being denied service, the additional transmission capacity routinely becomes available. NRG states that this shows that the GOL calculation is too conservative and does not capture the amount of transmission capability on the Entergy system. If Entergy is to continue using GOLs, NRG argues, Entergy should eliminate the limitations on multiple reservations and reduce the Outage Transfer Distribution Factor (OTDF) from 3.0% to 3.5% to offset any conservatism in the process. InterGen stated that the GOL process provided a measure of certainty and that the GOL values over the summer period were not as low as it had feared. However, it also feels that the process is too conservative, since a SIS consistently identifies additional available capability. They also request that the OTDF figure be raised to 3.5%. Calpine states that the GOL process, although not perfect, was an improvement upon the earlier GOL proposal. Calpine requests that Entergy synchronize the calculation of the GOL values with the WPP.

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<sup>13</sup> Entergy broke the implementation period into pre-July 12, 2003 and post-July 12, 2003 periods because the Internal GOL process was not approved until July 12, 2003.

**VI. Discussion**

18. We accept the GOL Report for filing and terminate the above referenced proceedings. We note that Entergy's GOL process is to be replaced shortly (on April 1, 2004) by the Available Flowgate Capability (AFC) methodology, which we approved, with conditions.<sup>14</sup>

19. The Commission's Office of Market Oversight and Investigations (OMOI) has recently issued a letter in Docket No. PA04-17-000 initiating an audit into Entergy's administration of the GOL process and subsequent programs Entergy will use to allocate transmission capacity. Consequently, we will address any matters concerning Entergy's administration of the GOL program in further proceedings.

The Commission orders:

(A) Entergy's Report regarding Generator Operating Limits is accepted for filing.

(B) The proceedings in Docket Nos. ER02-2014-006, ER02-2014-007 and ER02-2014-011 are terminated.

By the Commission. Commissioner Kelly not participating.

( S E A L )

Linda Mitry,  
Acting Secretary.

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<sup>14</sup> See 106 FERC ¶ 61,115 (2004).