

108 FERC ¶ 61,046
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 No. ER03-1272-002

ORDER ON COMPLIANCE FILING

(Issued July 12, 2004)

1. In this order, we accept in part Entergy Services, Inc.'s (Entergy) proposed revised tariff sheets filed in compliance with the Commission's order accepting and suspending, subject to further review and further order, Entergy's Available Flowgate Capability (AFC) process issued February 11, 2004 (February 11 Order).¹ This order benefits customers by improving the transparency of Entergy's process for handling transmission service requests.

2. This order addresses Entergy's compliance with the February 11 Order and primarily addresses the proposed revised tariff sheets and certain Open Access Transmission Tariff (OATT) postings. As in the February 11 Order, our action here is subject to further review and further order. We will address certain issues raised by the sole commenter at a later date.

Background

3. On August 29, 2003, Entergy filed proposed revisions to its OATT, FERC Electric Tariff Second Revised Volume No. 3. Entergy stated that the proposed revisions were designed to implement an AFC methodology for evaluating short-term transmission service requests under Entergy's OATT.

4. In the February 11 Order, the Commission stated that the proposed AFC methodology appeared to be an improvement over the then-current process of evaluating short-term transmission service requests. However, the Commission expressed concerns that the AFC proposal was not sufficiently transparent and could allow Entergy to discriminate when providing transmission service. Therefore, in order to increase

¹ Entergy Services, Inc., 106 FERC ¶ 61,115 (2004).

transparency of the AFC process, the Commission, among other things, directed Entergy to file revised tariff sheets setting forth more specificity in the criteria, methods and procedures it will use in its AFC process. The Commission listed five items in particular: (1) the specific criteria used to identify the flowgates that Entergy will monitor; (2) the criteria and procedures for adding or delisting flowgates; (3) the method for evaluating the percentage of counterflows to use in the power flow model; (4) the response factor threshold and the criteria for modifications to the threshold; and (5) the bases for transmission line ratings.² The February 11 Order directed that Entergy modify its tariff to include a statement that, when Entergy denies a customer's request for transmission service under the AFC process, Entergy will provide to the customer, upon request, workpapers explaining the reasons for the denial.³

5. The Commission also required certain other data and models to be posted on Entergy's Open Access Same-Time Information System (OASIS) so that such data could be used by others to verify AFC results. These additions include engineering data and model assumptions (such as the list of identified flowgates), power flow cases and unit-specific supporting input files that can be downloaded for both the real-time AFC database and the longer-term planning monthly databases in a common text exchange power flow format.⁴

6. To further improve transparency, the Commission directed Entergy to describe any operating and reliability assumptions that influence its modeling, and include any transmission margins existing in AFC power flow cases and other relevant information or data.⁵ The Commission also told Entergy to post a clear and comprehensive manual on how to use its AFC process.⁶

7. Also, the Commission ordered Entergy to provide an evaluation of alternative procedures for providing customers with information on which the customers could assess the reasons for service denials, including evaluation of an automated procedure.⁷

² See February 11 Order at P 33.

³ *Id.* at P 42.

⁴ *Id.* at P 34.

⁵ *Id.* at P 35.

⁶ *Id.* at P 36.

⁷ *Id.* at P 44.

8. Finally, Entergy was told to file within six months a status report on its plans to implement a Locational Marginal Pricing system, or other congestion management tool, along with its plans to conduct a cost analysis and the projected time line for pursuing this tool.⁸

9. On February 19, 2004, Entergy submitted an informational filing containing an update on its implementation of the AFC methodology.

10. Entergy submitted its compliance filing to the February 11 Order on March 12, 2004 (March 12 Compliance Filing). Entergy stated that it had circulated a draft of its tariff sheet changes and its AFC Process Manual on March 1, 2004, receiving comments from “InterGen, Duke, and Dynegy.”⁹ The March 12 Compliance Filing includes a clean and blacklined copy of the revised tariff sheets for Attachment C of Entergy’s OATT. Entergy asserts that the revised Attachment C includes all of the changes ordered by the Commission. The changes include the revision ordered by the Commission making clear that the workpapers underlying denials of transmission service will be made available upon request.

11. Entergy also said it will post the daily peak and monthly models underlying its AFC process to allow transmission customers to replicate the results. However, Entergy cautioned that the daily models are based on Entergy’s Energy Management Systems (EMS) system, not its off-line PSS/E models, and that EMS-based models would have to be converted into Power System Simulator for Engineering Raw Data (PSS/E RAWD) format to make them downloadable. Entergy also warned that the conversion process may produce some discrepancies in power flows between the posted models and the EMS models used to evaluate service. Entergy stated that it is working on the problems arising from conversion.

⁸ *Id.* at P 56.

⁹ As described in Entergy’s March 12 Compliance Filing at 2. We assume Entergy is referring to entities that intervened in this proceeding: InterGen Services, Inc., Duke Energy North America LLC and Duke Energy Trading and Marketing, L.L.C., and Dynegy Power Marketing, Inc.

On March 19, 2004, Entergy made a supplemental informational filing on the status of Entergy’s implementation of its AFC process and included a copy of a “near final draft” of the instructional AFC Process Manual it was posting on its OASIS. Entergy stated that the AFC Process Manual “includes a description of the AFC process, the operating and reliability assumptions underlying the AFC calculations, and any remaining business practices that were not required to be included in the tariff sheet revisions.”

12. Regarding the Commission's requirement that Entergy study alternative procedures for providing customers with the necessary information to assess service denials, Entergy stated that it had limited time and resources to develop an automated process for what it described as "the complex interaction of these various factors" before the AFC process was implemented.¹⁰ Entergy said that it believed that the best process would be for customers to review the posted power flow models and AFC flowgate data. Also, by the amendment to Attachment C, customers have a right to obtain the specific models and data. Finally, Entergy said it would continue to explore alternatives, but requested an extension of time to coincide with the date for Entergy's Locational Marginal Pricing report, *i.e.*, six months after the February 11 Order.

13. On March 26, 2004, Entergy filed an additional update and requested a three-week delay (until April 22, 2004) of the implementation of the AFC process, which the Commission granted on April 2, 2004. On April 23, 2004, Entergy filed an update stating that it would require a few more days to fully implement the process due to unanticipated software modifications. On April 30, 2004, Entergy filed with the Commission notice that the AFC implementation process went into effect on April 27, 2004.

Notice of Filings and Responsive Pleadings

14. Notice of the March 12 Compliance Filing was published in the *Federal Register*, 69 Fed. Reg. 15,317 (2004), with comments, protests, and motions to intervene due on or before April 2, 2004.

15. On April 2, 2004, InterGen Services, Inc. (InterGen) submitted comments on Entergy's proposed AFC compliance filing and draft AFC Process Manual. InterGen states that Entergy's revised tariff sheets generally do not include the information required by the February 11 Order.¹¹ First, InterGen states that Entergy's tariff language continues to lack the detail needed to evaluate the criteria for selecting flowgates. It requests that a stakeholder process be established to provide customers a "meaningful role" in the flowgate selection/delisting process.¹² Second, InterGen claims that Entergy's proposed tariff language does not allow an unaffiliated third party to determine

¹⁰ See March 12 Compliance Filing at 5.

¹¹ See InterGen Comments at 1-2. In addition, InterGen claims that there are a number of outstanding AFC issues that the Commission should address. These concerns involve the base case conditions affecting Entergy's generation dispatch and the initial allocations of transmission capacity. The Commission plans to address these and related issues at a later date.

¹² See InterGen Comments at 5-6.

how Entergy calculates the counterflows it uses in its AFC calculations.¹³ Third, InterGen asserts that Entergy does not explain the criteria it would use for modifying the response factor threshold.¹⁴ Finally, InterGen asks for changes and further clarifications in study horizons,¹⁵ response factors,¹⁶ flowgate information,¹⁷ and assumptions underlying Entergy's AFC models.¹⁸

Discussion

16. While the Commission approved Entergy's proposal to implement an AFC process, the Commission ordered Entergy to revise its proposed tariff and provide certain information to the market to ensure that Entergy's AFC process is sufficiently transparent to its users. Greater transparency improves the confidence customers have in the process generally, and in Entergy's application of the process in particular. The transparency should be sufficient to enable customers to replicate the results of Entergy's AFC process.

17. As required by the February 11 Order, Entergy revised its tariff to provide additional detail on certain aspects of the AFC process. The Commission finds that the revisions are not sufficient. Entergy is ordered to revise its tariff provisions to clearly indicate criteria and numerical values¹⁹ of those criteria that it will use to identify relevant flowgates and to select/delist flowgates. Also, terms such as "excessive loading" must be clearly defined and Entergy must explain if its definitions differ from those used in North American Electric Reliability Council (NERC) Standard 1.A and the Southeastern Electric Reliability Council supplement to that standard.

18. Also as required by the February 11 Order, Entergy posted to its OASIS various engineering data and the AFC Process Manual.²⁰ However, the Commission finds that

¹³ *See id.* at 6-8.

¹⁴ *See id.* at 7-8.

¹⁵ *See id.* at 10-11.

¹⁶ *See id.* at 11-12.

¹⁷ *See id.* at 13.

¹⁸ *See id.* at 3-4, 13-14.

¹⁹ Numerical values include (but are not limited to): (1) percent loading and limiting element for summer/nominal ratings for normal operation (*e.g.*, line, transformer, breaker, wavetrap); (2) percent loading criteria during contingency; (3) minimum per unit bus voltage; (4) fault current thresholds; and (5) stability threshold criteria.

²⁰ *See supra* P 5 and 6.

additional data are required. For each monitored facility, Entergy is to specify the limits or criteria²¹ that result in the inclusion of a flowgate into the monitored line list. Entergy must also include text files containing supporting files for each (.raw) base case. This includes but is not limited to monitored line limits (.MON), contingency lists (.CON), and transaction lists (.TRN).

19. InterGen urges the Commission to require Entergy to publish on OASIS additional flowgate-related information, “such as loading, counterflows, limits, etc. in a timely manner.”²² InterGen states that the availability of this information will improve transparency and enable independent market participants to perform analyses and monitor developments on a particular flowgate in order to determine whether the flowgate should remain on Entergy’s list of “constrained flowgates” or whether the flowgate should be removed from Entergy’s list of monitored flowgates.²³ The Commission directs Entergy to respond to InterGen’s request with an evaluation of the value and feasibility of providing such flowgate-specific data on an ongoing basis.

20. As to InterGen’s proposal to institute a stakeholder process for flowgate selection/delisting, this could be a valuable supplement to the process set out in the tariff itself because the stakeholders’ input would help mitigate our concerns about the particular criteria. InterGen cites as examples Midwest Independent Transmission System Operator, Inc. (MISO) and Southwest Power Pool, Inc. (SPP) stakeholder committees that periodically review flowgates. Although the Commission is not ordering such a process because to do so now would be beyond the scope of this proceeding, the Commission would support such a process here.

21. The Commission finds that Entergy’s tariff revisions lack sufficient detail as to the process through which Entergy will assess counterflows. Entergy must revise its tariff to provide sufficient specificity, including equations and detailed methodology, so that others can judge the reasonableness of its method and its results. In addition, we direct Entergy to revise the AFC Process Manual so that it shows the actual counterflow calculations, including the workpapers, with any historical data used to derive the counterflow percentages. Furthermore, the Commission directs Entergy to revise its AFC Process Manual to address frequency of reviews²⁴ of counterflows and to provide

²¹ Examples of such criteria include (but are not limited to): contingency/Outage Transfer Distribution Factor (OTDF) threshold/transfer direction combinations, TLR activity, planning study overloads, voltage limits, stability limits, and the NERC Book of Flowgates.

²² See InterGen Comments at 13.

²³ *Id.*

²⁴ See *id.* at 9-10 (requesting increased frequency of reviews).

sufficient detail to address reasonable inquiries as to counterflows in each study horizon and for firm and non-firm, short-term and long-term, scheduled and nonscheduled transactions. Finally, we note that InterGen states that Entergy's use of the term "transaction" is misleading.²⁵ The Commission agrees. Entergy is ordered to clarify that the term "transaction" refers to reservations (not schedules) or explain why InterGen's view is incorrect.

22. Entergy states that the response factor threshold it now uses is three percent but that it may change that value.²⁶ The February 11 Order required Entergy to provide the criteria for modifying the response factor threshold.²⁷ Entergy has not done so. However, Entergy explains that it will not modify the response factor threshold without seeking our approval.²⁸ Since Entergy will not be able to modify the response factor threshold absent our approval, customers will have the opportunity to review and comment on any future modification. Therefore, we accept this revision.

23. InterGen argues that Entergy's three percent response factor threshold is too low and requests that the Commission direct Entergy to use NERC's five percent Transmission Loading Relief (TLR) cutoff, which InterGen asserts is used by SPP and MISO.²⁹ The Commission rejects this argument. The use of a three percent OTDF threshold was included in Entergy's original proposal as approved by the Commission. Moreover, use of a three percent OTDF is in accordance with NERC standards and has been previously approved by the Commission for use on Entergy's system to identify significant impacts on transmission elements.³⁰

24. InterGen requests that the Commission direct Entergy to update its Study Horizon's AFC values on at least a weekly basis.³¹ InterGen argues that one of the potential benefits of an AFC process is that the constant updating of the models results in a more accurate picture of loading on the flowgates. InterGen asserts that that benefit is lost when Entergy only updates the Study Horizon on a monthly basis and ignores system changes that occur during the interim period between updates. InterGen notes that Entergy's use of the Study Horizon figures is different than the approach used by SPP

²⁵ See *id.* at 7 n.8.

²⁶ See March 12 Compliance Filing at Tab B, section 4.1.

²⁷ See 106 FERC ¶ 61,115 at P 33.

²⁸ See March 12 Compliance Filing at Tab B, section 4.1.

²⁹ See InterGen Comments at 11-12.

³⁰ See, e.g., Entergy Services, Inc., 103 FERC ¶ 61,271 at P 19 (2003).

³¹ See InterGen Comments at 10-11.

and MISO and argues that, in order to obtain the requisite accuracy, Entergy should be required to update its Study Horizon AFC values on at least a weekly basis. Likewise, InterGen asks that Entergy be required to clarify in its OATT and in its AFC Process Manual that, for days 2-8 of the Planning Horizon, Entergy will update its AFC values at least every eight hours, not just daily.

25. The Commission agrees that one of the potential benefits of the AFC process is that it should provide a more real-time and accurate assessment of the loading of flowgates. Entergy is directed to respond to InterGen's suggestion that the Study Horizon be updated on a weekly basis and discuss the potential benefits or burdens that would result from changing the model. Entergy should also explain how its approach compares to that of MISO and SPP and the relative advantages or disadvantages. Finally, Entergy should provide InterGen's requested clarification regarding updates for days 2-8 of the Planning Horizon.

26. InterGen requests that the Commission require Entergy to provide additional clarification with respect to certain assumptions in Entergy's model.³² In the February 11 Order, the Commission directed Entergy to post descriptions or calculations of uncertainties used as margins in the AFC calculations.³³ InterGen notes that Entergy states its Transmission Reserve Margin (TRM) is zero. InterGen states that Entergy should explain why this figure is so low, whether TRM has been included elsewhere in its calculations, whether Entergy may attempt to raise TRM in the future, and under what authority Entergy would do so. InterGen also argues that Entergy should provide further clarification of the amount of Capacity Benefit Margin (CBM) reflected in its calculations. Specifically, Entergy should explain why it is appropriate to calculate CBM by examining reservations of previous historical summer peak data. In addition, InterGen states that Entergy should identify the amount of CBM on particular flowgates. Finally, InterGen argues that it would make sense to reduce the amount CBM reserved during the Operating and Planning Horizons. The Commission agrees with InterGen that Entergy has not fully complied with the requirement in the February 11 Order to describe all operating and reliability assumptions that influence its modeling. Therefore, Entergy is directed to provide the clarifications described above. In addition, Entergy is directed to respond to InterGen's request for clarification on the treatment of Qualifying Facilities and cogeneration facilities in the AFC modeling.

³² *See id.* at 13-14.

³³ *See* February 11 Order at P 35.

The Commission orders:

(A) Entergy's proposed tariff sheets are accepted for filing effective April 1, 2004, subject to Entergy filing revised tariff sheets within 30 days of the date of this order reflecting the modifications discussed in the body of this order.

(B) Entergy is required to provide additional explanations and clarifications, as discussed within the body of this order, within 30 days of the date of this order.

(C) The AFC process and proposed tariff sheets remain subject to further review and further order.

By the Commission. Commissioner Kelly not participating.

(S E A L)

Linda Mitry,
Acting Secretary.