

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

Joint Boards on Security Constrained) Docket No. AD05-13-000
Economic Dispatch)

**PREPARED COMMENTS OF ROBERT D. PRIEST FOR THE
SOUTH JOINT BOARD MEETING**

On behalf of the Mississippi Delta Energy Agency (“MDEA”), the Clarksdale Public Utilities Commission of the City of Clarksdale, Mississippi, and the Public Service Commission of Yazoo City of the City of Yazoo City, Mississippi (collectively “MDEA Cities”), Robert D. Priest, General Manager of Clarksdale Public Utilities, presents the following comments:

MDEA is a joint action agency of which Clarksdale and Yazoo City are the current members. Clarksdale and Yazoo City own and operate municipal electric systems embedded within the Entergy service area and are Network customers of Entergy pursuant to its OATT. The MDEA Cities are dependent upon the Entergy transmission system both for buying power and energy resources and for selling any power and energy from the Cities’ resources that are in excess of their customers’ needs. The maximum peak load of the MDEA Cities is approximately 80 MW, and the average load is approximately 40 MW. Prior to Mr. Priest’s current position as General Manager of the Clarksdale system, Mr. Priest was General Manager for the Yazoo City system. Altogether, Mr. Priest has had approximately twenty-three years of experience with operating municipal electric systems within the Entergy area.

At the current time, there is no coordinated economic dispatch that covers all loads within the Entergy control area and the resources available to serve those loads. Entergy dispatches resources to serve its own retail and wholesale power customers, while other LSEs dispatch available resources to serve the needs of their customers.

Although Clarksdale and Yazoo City are members of the Southwest Power Pool (“SPP”), because they are embedded within the Entergy transmission system, they are not able to participate in SPP’s Imbalance Energy market. Cleco Power LLC provides dispatch services for MDEA under an Energy Management and Services Agreement. Cleco utilizes a proprietary model to develop load forecasts for MDEA. Cleco then uses a stacking model to optimize the daily production cost and formulate recommendations concerning economic dispatch of MDEA Cities’ generation assets or purchases of power from the market, subject to transmission availability.

Through its Weekly Procurement Program (“WPP”), Entergy incorporates resources from some independent sellers into its dispatch to serve the needs of its own customers. For the reasons described below, however, the WPP program discriminates against Network customers such as the MDEA Cities and independent sellers that Entergy does not select through the WPP.

Even before the damage caused by the recent hurricanes, the Entergy transmission system has not been adequate to allow flexible and efficient use of resources available to the area. For example, economic substitutes for MDEA Cities’ Network resources have been curtailed, and transmission service for economic substitutes has been denied, due to on-going problems with the McAdams-Lakeover flowgate. Based on concerns raised by numerous independent generators in a number of Commission proceedings in which

MDEA Cities have participated, there are many constraints in the Entergy area that interfere with desired transactions.

Although Entergy's WPP allows it to take advantage of independent resources of its choosing, the process discriminates against Network customers and independent sellers that Entergy does not select through the WPP. After Entergy receives bids through the WPP, it performs an optimization analysis to determine which resources it will select to displace its owned resources. That optimization analysis currently is performed only for Entergy. At times, Entergy closes down the Available Flowgate Capacity ("AFC") determination process for other transmission customers while the optimization analysis is being performed for Entergy. MDEA Cities understand that such "blackouts" on AFC calculations for other transmission users last for about half a day, during which Entergy's substitution process has an absolute priority.¹ Other transmission users seeking to use substitute resources cannot have reservation requests processed during the blackout period and are able to use only the AFC that is left after Entergy completes its selection. Thus, while the WPP allows Entergy to reap some of the potential benefits of economic dispatch, it does not allow Network customers or independent sellers that it does not select in the WPP to do so on a comparable basis.

To promote the efficient use of economic dispatch for the benefit of all loads within the Entergy control area, at least two changes to business as usual are necessary. First, the Entergy transmission infrastructure should not only be repaired, but it also should be strengthened. The MDEA Cities and other users of the Entergy transmission

¹ Entergy has proposed certain modifications to the WPP as part of its Independent Coordinator of Transmission ("ICT") proposal in Docket No. ER05-1065-000. Because that is a pending proceeding, Mr.

system have offered to help fund infrastructure rebuilding and improvement in return for an ownership interest in portions of the transmission system and credits against transmission charges. Although Entergy has expressed a willingness to consider that offer further in responses to others, it has not responded directly to Clarksdale nor made any commitment to take advantage of the offer.

Second, the Commission must ensure that other transmission users, particularly other Network customers, have access to the Entergy transmission system on terms that truly are comparable to those enjoyed by Entergy. Network customers should be able to obtain transmission service for economic substitutes for Network Resources on the same basis and the same timeline as Entergy obtains transmission for substitute resources. Enforcing comparable access is especially critical in instances, such as presented by Entergy's system, where the transmission infrastructure is inadequate.