

Entergy Services, Inc. &
the SPP Independent Coordinator of Transmission (ICT)

An Overview of Entergy Operating Companies'
Draft Attachment K to the OATT
(Transmission Planning Process)

Transmission Planning Draft Attachment K
FERC Technical Conference

Atlanta, GA

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Overview

June 6, 2007: Entergy Services, Inc. (“Entergy”) and the ICT jointly presented an overview of the Company’s transmission planning process strawman at the Commission’s technical conference in Little Rock, Arkansas.

Since that time, the following events have occurred:

- Ø Entergy and the ICT convened the Annual Transmission Planning Summit on July 31, 2007.
- Ø The ICT published the Acadiana Load Pocket Reliability Study Report on September 3, 2007.
- Ø Entergy and the ICT participated in the development of the Inter-Regional Participation Process (IRPP).
 - IRPP posted on Entergy’s OASIS on September 10, 2007.
 - http://oasis.e-terrasolutions.com/documents/ees/Inter-Regional_Participation_Process_White%20Paper09102007-Final.DOC
- Ø The ICT Transmission Planning Protocol, currently part of Attachment S to Entergy’s OATT, was revised and expanded into the draft Attachment K.
 - Draft Attachment K posted on Entergy’s OASIS on September 14, 2007
 - <http://oasis.e-terrasolutions.com/documents/ees/DraftEntergyAttachmentK.pdf>

Entergy's Draft Attachment K

Entergy's draft Attachment K to the OATT satisfies the following nine transmission planning principles outlined in Order No. 890 and the companion Staff White Paper:

1. Coordination;
2. Openness;
3. Transparency;
4. Information Exchange;
5. Comparability;
6. Dispute Resolution;
7. Regional Participation;
8. Economic Planning Studies; and,
9. Cost Allocation for New Projects.

Key Attachment K Updates

- Handling of confidential information and CEII (Section 9)
- Information exchange enhancements (Section 11)
- Dispute resolution expansion (Section 12)
- Regional participation expansion (Section 13)
- Additional economic planning study details (Section 14)
- Recovery of planning costs (Section 16)

1. Coordination & 2. Openness

Section 9 of Attachment K.

- Ø Existing planning procedures provide for significant coordination among Entergy, the ICT, transmission customers, and interconnected neighbors.
 - Development and validation of Base Case Model by ICT
 - Stakeholders may review and comment on planning criteria, inputs, assumptions, and methodologies.
 - Written formal stakeholder comments will be publicly available to all interested parties.
 - Annual Transmission Planning Summit with stakeholders and regulators
 - Periodic ICT-led stakeholder meetings and conference calls

Section 13 of Attachment K provides for regional and inter-regional coordination.

1. Coordination & 2. Openness, cont'd.

Ø Stakeholders are able to provide comments to the ICT through four technical stakeholder committees (see below) and the Entergy ICT Stakeholder Policy Committee (SPC). The ICT stakeholder process is used to formulate official positions of the Entergy stakeholders, which will be included in the ICT's quarterly reports to the Commission. The SPC is a full-representation group.

1. LTTIWG – Long-Term Transmission Issues Working Group.
2. NTTIWG – Near-Term Transmission Issues Working Group.
3. WPPIWG – Weekly Procurement Process Issues Working Group.
4. ICT Users Group.

Ø A number of meetings, both face-to-face and by telephone, involving stakeholders have been held since June 2007. Substantive issues have been addressed through these meetings, and progress is being made regarding many of those issues. Examples include:

- Entergy and the ICT convened the Annual Transmission Planning Summit on July 31, 2007.
- The LTTIWG held day-long, face-to-face meetings in June and September. Two-hour teleconferences were held in July and August.
- An intensive, three-day face-to-face conference with stakeholders was held July 23 – 25 to review and address TSR manual development.

1. Coordination & 2. Openness, cont'd.

Section 9.2 -- Confidential Information & CEII

Except as may be required by subpoena or other compulsory process:

- The ICT and the Transmission Provider shall not disclose Confidential Information to any person or entity without prior written consent of the party supplying the Confidential Information.
- Information designated as CEII shall be made available to a party only after such party executes a Confidentiality Agreement. (Appendix 3 of Attachment K)

Ø Upon receipt of a subpoena or other compulsory process for the disclosure of Confidential Information or CEII, the ICT or Transmission Provider, as applicable, shall promptly notify the party that provided the data and shall provide all reasonable assistance requested by the party to prevent disclosure, and shall not release the data until the party provides written consent or until the party's legal options are exhausted.

Ø Upon request from an Interested Government Agency for Confidential Information or CEII, such consent may not be unreasonably withheld if the Interested Government Agency agrees to maintain confidentiality with, and implements, a protective order or other procedure(s) of the agency for protecting confidential information.

3. Transparency.

Section 10 of Attachment K.

- Ø Entergy provides for transparency of criteria, assumptions, data, methodology, and processes used in Entergy's transmission planning by making available:
 - The power flow models used in its transmission planning analyses;
 - Modeling response files and modeling assumptions;
 - Documents detailing Entergy's proposed and approved transmission reliability projects; and,
 - Maps and special notices.
- Ø The ICT has posted the Planning Criteria (i.e., the criteria, standards, and processes used in developing the Construction Plan and the Base Plan) on OASIS. It is sufficiently detailed so that the transmission planning process is transparent and understandable.
- Ø Entergy has also provided to the ICT its draft Construction Plan for posting on OASIS. This draft Construction Plan was also discussed at the recent Transmission Planning Summit.
- Ø Base Plan posted on OASIS (see section 7.1)

4. Information Exchange.

Section 11 of Attachment K.

Ø Entergy has developed a representative data template for Network Customers to provide their load and resource forecasts in a consistent manner.

- Examples of the types of information requested in the data template:
 - Contact information
 - Historical and projected peak demand (monthly for the near-term and yearly for the longer-term)
 - Demand by bus – MW, MVAR, Power Factor (summer and winter)
 - Projected capacity – firm and non-firm (summer and winter)
 - Firm resources – summer, winter, service duration, etc.
 - Firm transactions – POR, POD, service duration, etc.
 - Non-Firm resources – summer, winter, service duration, etc.

4. Information Exchange, cont'd.

Section 11 of Attachment K

Ø Point-to-Point customers shall be requested to provide their point-to-point transmission services in a similar format.

- Examples of the types of information requested in the data template:
 - Contact information
 - Firm transactions – POR, POD, service duration, etc.

Ø Information provided by Network and Point-to-Point Customers shall be treated as Confidential Information as defined in Attachment K.

5. Comparability.

- Ø The comparability principle requires that the interests of transmission providers and their similarly-situated customers be treated on a comparable basis during the planning process. Entergy included comparability in each of the other eight planning principles when developing Attachment K.

- Ø Additionally, Entergy executed an agreement with the Independent Coordinator of Transmission to perform many functions relating to transmission planning. In that agreement, it is stated that:
 - The ICT will perform its functions related to transmission planning in an independent manner.
 - In all cases, the ICT will use its independent judgment to ensure that transmission planning is conducted on a non-discriminatory basis.

6. Dispute resolution process.

Section 12 of Attachment K

If a party believes that the requirements of Attachment K are not being met:

- ∅ Such party may provide the Transmission Provider and the ICT with written notice of the dispute or claim.
 - Such dispute or claim shall be referred to a designated senior representative of the disputing party, the ICT, and the Transmission Provider for resolution on an informal basis as promptly as practicable.
 - The ICT shall immediately post a notice of the disagreement on Entergy's OASIS site. The notice shall identify the nature of the dispute and provide a brief description of the respective positions of the parties.
 - In the event the designated representatives are unable to resolve the claim or dispute within thirty (30) calendar days of the ICT's and the Transmission Provider's receipt of the notice of dispute, such claim or dispute may, upon mutual agreement of the parties, be submitted to mediation under terms and conditions agreed to by the parties.

6. Dispute resolution process, cont'd.

- In the event the parties do not reach agreement through mediation or do not agree to submit such claim or dispute to mediation, such claim or dispute may, upon mutual agreement of the parties, be submitted to arbitration in accordance with Section 12 of the Tariff.
- Except to the extent the parties mutually agree to arbitration in the foregoing is without prejudice to any affected party requesting that the Commission resolve any dispute at any time that is within the jurisdiction of the Commission, including, but not limited to, by submitting a complaint pursuant to Section 206 of the Federal Power Act.
- The ICT's position shall control pending resolution of any dispute under Section 12.

Disputes between the Transmission Provider and the ICT shall be resolved in accordance with Attachment S of the OATT.

7. Regional Participation.

Section 13 of Attachment K.

Ø Regional Planning

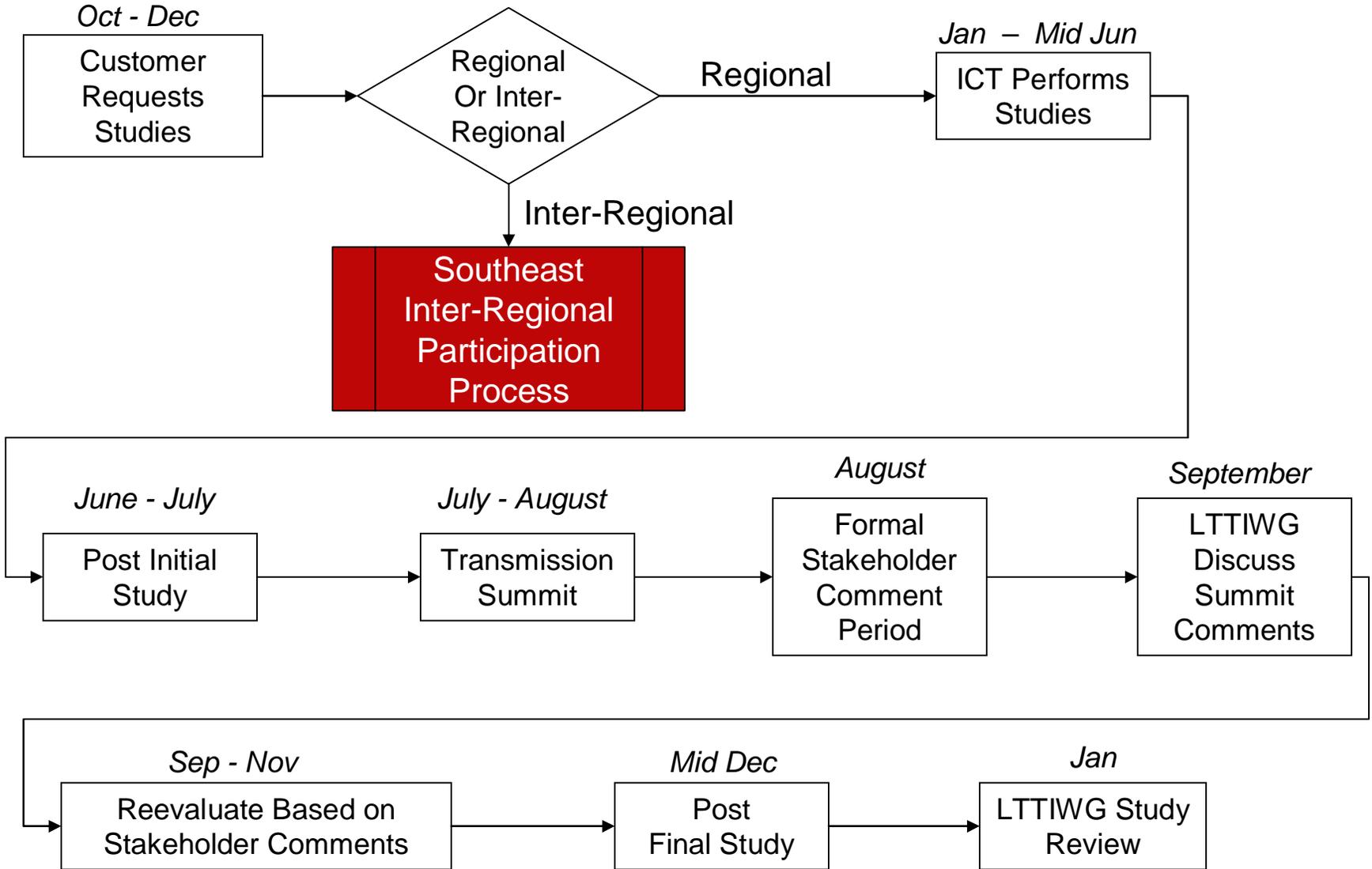
- The ICT shall coordinate with SPP and its respective members by sharing system plans, addressing requests for regional studies, and identifying opportunities for regional optimization of the Construction Plan.
- To the extent other adjoining transmission owners have seams agreements or joint planning processes with the Transmission Provider, the ICT will identify any opportunities for regional optimization of the Transmission Provider's Construction Plan with the construction plans of those adjoining transmission owners. The ICT will review such optimization opportunities with the Transmission Provider, other affected transmission owners and stakeholders.

Ø Inter-Regional Planning

- The ICT and the Transmission Provider shall participate in the regional model development process for the SERC region.
- The ICT and the Transmission Provider shall also participate in the inter-regional participation process being developed by transmission owners within the Southeast.

7. Regional Participation, cont'd.

Regional Planning Study Process



7. Regional Participation, cont'd.

- Ø The White Paper describing this process is posted on Entergy's OASIS on 9/10/2007 at:
 - http://oasis.e-terrasolutions.com/documents/ees/Inter-Regional_Participation_Process_White%20Paper09102007-Final.DOC

- Ø The Southeast Inter-Regional Participation Process was introduced to Entergy's stakeholders at the 9/11/2007 ICT LTTIWG meeting.

- Ø The Southeast Inter-Regional Participation Process was presented in a separate panel session on 10/1/2007.

- Ø A follow-up ICT LTTIWG meeting is scheduled for 10/9/2007 to receive additional stakeholder feedback on the Southeast Inter-Regional Participation Process and Entergy's draft Attachment K.

8. Economic Planning Studies.

Section 14 of Attachment K.

Ø The ICT will identify potential economic upgrades on the Transmission System, including upgrades to existing facilities as well as construction of new facilities. The ICT will identify upgrades based on screening criteria, which may include:

- Ø frequent TLRs,
- Ø frequently constrained flowgates in the AFC or WPP processes,
- Ø flowgates with high congestion costs as identified in the WPP process, and
- Ø commonly invoked must-run operating guides.

Ø In addition to studies conducted pursuant to the above, a Transmission Customer or Interconnection Customer (including the Transmission Provider's wholesale merchant function) may request the ICT to conduct an economic upgrade study evaluating specific, potential upgrades or other specific investments that could reduce congestion or integrate new resources and loads on an aggregated or regional basis. A customer may request a study:

- of the Transmission Provider's Transmission System (Entergy System Study),
- across the interconnected systems of the Transmission Provider and one or more Regional Coordinating Parties (Regional Study), or
- across the interconnected systems of the Transmission Provider and one or more Inter-Regional Coordinating Parties (Inter-Regional Study).

8. Economic Planning Studies, cont'd.

- ∅ Customers wishing to proceed with upgrades may make a service request pursuant to either:
 - a Network Integration Transmission Service Agreement or an appropriate grandfathered transmission arrangement or agreement;
 - a request for Point-to-Point Transmission Service; or
 - a request for optional upgrades under an existing Interconnection and Operating Agreement or a Large Generator Interconnection Agreement.

- ∅ The ICT will report periodically to the Transmission Provider's retail regulators and FERC regarding all economic upgrade planning activities. The ICT also shall post on the Transmission Provider's OASIS information relating to:
 - each request for an economic planning study; and,
 - responses to the requests. Such posting shall be subject to the confidentiality requirements of Attachment K.

9. Cost Allocation for New Projects.

Section 15 of Attachment K.

- ∅ The pricing mechanism for transmission upgrades on the Entergy transmission system, including for economic upgrades, has been approved in Attachment T of Entergy's OATT.
 - Base Plan Upgrades. The cost of Base Plan Upgrades will be recoverable through the Transmission Provider's transmission rates, including PTP and NITS rates under the Tariff, bundled retail rates, and rates charged to grandfathered customers.
 - Supplemental Upgrades for PTP Transmission Service. The costs of Supplemental Upgrades that are required to grant PTP Transmission Service will be recoverable under FERC's "higher of" pricing policy.
 - Supplemental Upgrades for Interconnection Service. The costs of supplemental Upgrades required to accommodate requests for ERIS or NRIS will be recovered from the requesting customer.

9. Cost Allocation for New Projects, cont'd.

- Supplemental Upgrades for NITS. The cost of Supplemental Upgrades required to accommodate Network Customer service requests will be recovered from the requesting Network Customer.
 - Other Supplemental Upgrades. The cost of all other Supplemental Upgrades will be recovered from the requesting customer.
 - O&M Expenses For Base Plan and Supplemental Upgrades. All operating and maintenance (O&M) expenses associated with Base Plan and Supplemental Upgrades will be included in the Transmission Provider's transmission revenue requirement.
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- Ø Transmission Planning Process, Section 13.3
 - "The ICT may recommend an allocation of costs among individual transmission owners, but such recommendation will not be binding."
 - Ø Entergy will work with other transmission owners to develop cost allocation proposals for regional projects.
 - Ø The allocation of costs among transmission owners incurred pursuant to a Regional Study or Inter-Regional Study shall be determined in accordance with the applicable Regional or Inter-Regional study process.

Recovery of Planning Costs

Section 16 of Attachment K.

- ∅ The ICT shall provide the standard Customer Study Request Agreement to the Transmission Customer requesting one of the following types of studies:
 - Economic Planning Study, Entergy System Study, Regional Study, or Inter-Regional Study.
 - This Agreement shall be executed by the ICT and the Transmission Customer.

- ∅ Except as otherwise provided herein, the Agreement shall obligate the Transmission Customer to pay for the actual costs of the study, including any costs incurred by the ICT or Transmission Provider associated with performing their respective functions.