

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Nora Mead Brownell, and Suedeem G. Kelly.

North American Electric Reliability Council

Docket No. ER05-1307-000

ORDER ON REVISED TRANSMISSION LOADING RELIEF PROCEDURES

(Issued October 7, 2005)

1. The North American Electric Reliability Council (NERC) has filed proposed revisions (revised TLR procedures) to its Version 0 Transmission Loading Relief (TLR) procedures (current procedures).<sup>1</sup> As discussed below, we will accept NERC's revised TLR procedures effective on August 8, 2005. We will also direct every transmission-operating public utility in the Eastern Interconnection adopting the revised TLR procedures to file, within 30 days of the date of this order, revised tariffs sheets adopting the revised TLR procedures.

**Background**

2. On March 30, 2005, the Commission approved NERC's current TLR procedures.<sup>2</sup> On August 8, 2005, NERC submitted a filing proposing revisions to those procedures. NERC states that it adopted the revision on June 15, 2005, and asks that the Commission allow these standards to become effective as of August 8, 2005, the date on which NERC completed software testing on the change and implemented it. It maintains that the revised TLR procedures will provide added flexibility to its market participants. NERC states that under the current procedures, electric energy flowing pursuant to a firm transmission arrangement must be retagged<sup>3</sup> if the parties to the transaction wish to change the amount of energy flowing by more than a threshold amount.

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<sup>1</sup> Specifically, NERC is filing a revision to its Attachment 1 to Reliability Standard IRO-006-0. TLR procedures curtail and reload Interchange Transactions to relieve overloads on transmission facilities.

<sup>2</sup> *North American Electric Reliability Council*, 110 FERC ¶ 61,388 (2005).

<sup>3</sup> An Electronic Tag is an electronic request for the movement of energy over a prescribed physical path. Retagging is the procedure that allows parties to modify the scheduled transaction.

3. NERC also states that under current procedures, when a TLR has been declared, the Interchange Distribution Calculator holds the dynamic schedule, because it appears to be a new transaction. The revised TLR procedures would allow dynamic schedules to be updated without being held. NERC explains that this change was made at the request of market participants, who will benefit from the additional flexibility. NERC requests waiver of the 60-day prior notice requirement to allow the revised TLR procedures to become effective on August 8, 2005.

### **Notice and Interventions**

4. Notice of NERC's filing was published in the *Federal Register*, 70 Fed. Reg. 49,272 (2005), with comments, protests, and interventions due on or before August 29, 2005. On August 29, 2005, Consumers Energy Company and the New York Transmission Owners<sup>4</sup> filed motions to intervene.

### **Discussion**

#### **A. Procedural Matters**

5. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2003), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

#### **B. Revised TLR Procedures**

6. Under current TLR procedures, firm electric energy flowing pursuant to a dynamic schedule must be retagged if the parties to the arrangement wish to change the amount of energy flowing by more than a threshold amount. Consequently, when a TLR has been

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<sup>4</sup> The New York Transmission Owners are: Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Long Island Power Authority, New York Power Authority, New York State Electric & Gas Corporation, Rochester Gas and Electric Corporation, Orange and Rockland Utilities, Inc., and Niagara Mohawk Power Corporation, a National Grid Company.

declared, the Reliability Coordinator,<sup>5</sup> using the Interchange Distribution Calculator (IDC),<sup>6</sup> will delay a firm transaction from starting (*i.e.*, hold it) because it appears to be a new transaction. This affects the dynamic schedule.<sup>7</sup>

7. Under the revised TLR procedures, the parties to a schedule for energy flowing pursuant to a firm transmission arrangement can modify the schedule and the Reliability Coordinator will not delay the transaction. A transaction identified as a dynamic schedule and considered firm can be updated, will not be held or curtailed and only requires the tag to be updated.

8. We find that this is consistent with Order No. 888's principle that non-firm transmission service is subordinate to firm transmission service. Additionally, the revised TLR procedures provide market participants with the flexibility to modify firm dynamic schedule arrangements without delaying or preventing transactions from occurring.

9. Our review indicates that the revised TLR procedures appear to be just and reasonable, and have not been shown to be unjust, unreasonable, unduly discriminatory or preferential or otherwise unlawful. Accordingly, we will accept the revised TLR procedures for filing without suspension or hearing.

10. In *North American Electric Reliability Council*,<sup>8</sup> the Commission directed the transmission-operating public utilities in the Eastern Interconnection using NERC's TLR procedures to file notices informing the Commission that they will use the NERC TLR procedures and that their tariffs should be considered to be so modified. Here, to ensure

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<sup>5</sup> The Reliability Coordinator is the highest level of authority responsible for the operation of the bulk electric system. The Reliability Coordinator has the operating tools and the authority to prevent or mitigate emergency situations in both the next day analysis and in real-time operations.

<sup>6</sup> The Interchange Distribution Calculator identifies interchange transactions contributing to a constraint.

<sup>7</sup> Dynamic scheduling allows a load serving entity (LSE) or generator to move via telemetry some or all of its demand and/or generation as though it were physically in the LSE's control area. Dynamic scheduling requires careful coordination with the host and any intermediate and receiving control areas, since it causes an automatic interchange to occur between control areas. *See California Independent System Operator Corporation*, 107 FERC ¶ 61,329 at P 8 (2004).

<sup>8</sup> 85 FERC ¶ 61,353 at 62,362 (1998). *See also North American Electric Reliability Council* 91 FERC ¶ 61,122 at 61,476 (2000); *North American Electric Reliability Council* 110 FERC ¶ 61,388 (2005).

that all transmission-operating public utilities in the Eastern Interconnection are following the correct TLR procedures, we will direct every transmission-owning public utility in the Eastern Interconnection adopting the revised TLR procedures to file, within 30 days of the date of this order, revised tariffs sheets adopting the revised TLR procedures.

**C. Waiver of Notice**

11. NERC requests waiver of the 60-day prior notice requirement to allow the revised TLR procedures to become effective on the same date that the change to NERC's Reliability Standard IRO-006-0 became effective. For good cause shown, we will waive the prior notice requirement and allow the revised TLR procedures to become effective August 8, 2005, as requested.<sup>9</sup>

The Commission orders:

(A) NERC's request for waiver of the Commission's prior notice requirements is hereby granted, as discussed in the body of this order.

(B) NERC's proposed revisions to its TLR procedures are hereby accepted for filing, to become effective on August 8, 2005, as requested.

(C) Every transmission-operating public utility adopting NERC's proposed revision to its TLR procedures shall file with the Commission, within 30 days of the date of this order, revised tariffs sheets adopting the revised TLR procedures.

By the Commission. Commissioner Brownell concurring with a separate statement attached.

( S E A L )

Magalie R. Salas,  
Secretary.

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<sup>9</sup> See *Central Hudson Gas & Electric Corporation*, 60 FERC ¶ 61,106 at 61,338 (Commission will generally grant waiver of prior notice requirement for uncontested filings involving non-rate terms and conditions), *order on reh'g*, 61 FERC ¶ 61,089 (1992).

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Nora Mead BROWNELL, Commissioner *concurring*:

I agree with the outcome of this order, however, I am deeply troubled by NERC's negligence in following the Commission's filing requirements. While the NERC Board of Trustees adopted the revised TLR procedures in "Attachment 1 to Reliability Standard IRO-006-0 on June 15, 2005, to be effective as soon as it could be implemented"<sup>1</sup>, NERC failed to file their revision until August 8, 2005, the date NERC finished testing the software. NERC claims its need for the 60-day waiver is further justified because "affected entities have been on notice, through NERC's open process for modifying its reliability standards, of the change proposed in this filing" and "[t]he stakeholders voted unanimously in favor of the proposed revision."<sup>2</sup>

I applaud NERC for openly communicating with its members; however, I must remind NERC that pursuant to Section 205 of the Federal Power Act, the revision is not effective until this Commission so orders it.

Additionally, the Commission's waiver policies are designed to provide necessary flexibility for those entities facing unexpected or extreme circumstances that prevent timely filings. The waivers are not designed to give carte blanche excuses for poor planning. My concern is particularly acute given that the TLR procedures are a critical component of the only reliability standards that currently exist. Once the Commission certifies an Electric Reliability Organization, the new reliability standards will be mandatory and will meet the higher expectations Congress intended. I fully expect that the ERO will make well planned and timely filings.

I sincerely hope that NERC takes the time and effort to evaluate its current planning processes and takes immediate corrective action to ensure that it sufficiently

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<sup>1</sup> NERC's August 8, 2005 pleading, p. 1.

<sup>2</sup> *Id.*, p. 3.

follows this Commission's regulatory filing requirements.

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Nora Mead Brownell  
Commissioner