

131 FERC ¶ 61,067
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
and John R. Norris.

Entergy Services, Inc.

Docket No. ER10-794-000

ORDER ACCEPTING IN PART AND REJECTING IN PART
PROPOSED TARIFF REVISIONS

(Issued April 23, 2010)

1. On February 23, 2010, Entergy Services, Inc., acting as agent for the Entergy Operating Companies¹ (collectively, Entergy), filed revisions to its open access transmission tariff (OATT) pursuant to section 205 of the Federal Power Act (FPA).² Entergy submits a new Attachment X, Local Area Operating Procedures (Local Area Procedures), to implement the curtailment process under the OATT where the North American Electric Reliability Corporation's (NERC) transmission loading relief (TLR) Procedures do not effectively resolve a constraint. Entergy explains that it also seeks to couple the NERC TLR Procedures with supplemental procedures (Supplemental Curtailment Procedures) that allows for curtailments beyond the interchange transactions³ curtailed under the NERC TLR Procedures.⁴ Entergy submits revisions to

¹ The Entergy Operating Companies are: Entergy Arkansas, Inc.; Entergy Gulf States Louisiana, L.L.C.; Entergy Louisiana, LLC; Entergy Mississippi, Inc.; Entergy New Orleans, Inc.; and Entergy Texas, Inc.

² 16 U.S.C. § 824d (2006).

³ Interchange transactions refer to transactions between two or more balancing authority areas.

⁴ NERC Standard IRO-006-4.1 – Reliability Coordination – Transmission Loading Relief (TLR) provides for procedures to identify and respond to system constraints. The NERC TLR Procedures include seven successive steps, from Level 1 (identification of potential system limit violations), through Levels 2-6 (steps ordering various

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its OATT and a new OATT Business Practice to implement the Supplemental Curtailment Procedures.⁵

2. In this order, we will reject Entergy's proposed Attachment X, Local Area Procedures, as discussed below. However, we will accept for filing Entergy's proposed Supplemental Curtailment Procedures, as modified below, to become effective April 25, 2010, as requested.

I. Background

3. In Docket No. RM06-16-000, the Commission instituted a proceeding regarding mandatory reliability standards for the bulk power system, including separation of business practices from the Electric Reliability Organization's TLR Procedures and implementation of the Commission's directives as set forth in the resulting Order No. 693.⁶ On July 21, 2008, the Commission issued Order No. 713,⁷ which approved five Reliability Standards and approved NERC's interpretation of other Reliability Standards. The Commission, however, did not make a determination regarding Reliability Standard IRO-006-4, which provides for TLR Procedures to manage and, if necessary, curtail certain transmission transactions and, instead, directed NERC to submit a filing explaining one aspect of that proposed reliability standard. NERC submitted a responsive filing on September 11, 2008, which the Commission approved on March 19, 2009.⁸

transmission system operating modifications), through Level 0 (conclusion of a TLR event).

⁵ Entergy filed the Business Practice for informational purposes only.

⁶ *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

⁷ *Modification of Interchange and Transmission Loading Relief Reliability Standards; and Electric Reliability Organization Interpretation of Specific Requirements of Four Reliability Standards*, Order No. 713, 124 FERC ¶ 61,071 (2008), *order on reh'g*, Order No. 713-A, 126 FERC ¶ 61,252 (2009), *order on reh'g*, Order No. 713-B, 130 FERC ¶ 61,032 (2010).

⁸ Order No. 713-A, 126 FERC ¶ 61,252.

4. Commenters in that proceeding expressed various concerns regarding the TLR Procedures, including: competitive concerns; concerns regarding the application and effectiveness of the Interchange Distribution Calculator (IDC);⁹ and concerns that a gap in the proposed TLR Procedures could allow certain non-firm transactions to escape curtailment prior to the issuance of a Level 5 TLR (i.e., curtailment of firm transactions and firm native load). They contended that this was inconsistent with the curtailment directives of the Commission's *pro forma* OATT, which calls for curtailment of non-firm transmission before curtailment of firm transmission. The Commission concluded that these concerns were beyond the scope of the proceeding. The Commission noted, however, that the Electric Reliability Organization indicated that it has a three-phase plan to improve the TLR Procedures, and the third phase will consist of "a complete redrafting to incorporate enhancement and changes beyond the separation of reliability and business practice issues."¹⁰

5. In Order No. 713-B, the Commission reiterated that the concerns raised on rehearing of Order No. 713-A by the parties regarding a potential conflict between the TLR Procedures and the curtailment priority provisions of the OATT were beyond the scope of that proceeding, but stated that the issue merited further inquiry and, therefore, concurrently issued a notice of inquiry proceeding in Docket No. RM10-9-000 (TLR NOI).¹¹

II. Entergy's Proposed Tariff Revisions

6. Entergy notes that the Commission recently issued the TLR NOI to address concerns that the NERC TLR Procedures may be inconsistent with the curtailment policies in the Commission's *pro forma* OATT, i.e., in certain circumstances firm transmission transactions may be curtailed prior to non-firm transactions. Despite this TLR NOI, Entergy has decided to proceed with this filing in an effort to more closely align the curtailment provisions in Entergy's OATT with the Commission's general open access policies. Entergy and the Independent Coordinator of Transmission (ICT) hope to implement the new proposed procedures in advance of this summer and they do not

⁹ The IDC is a mechanism used by reliability coordinators in the Eastern Interconnection to calculate the distribution of interchange transactions over specific flowgates. It includes a database of all interchange transactions and a matrix of the distribution factors for the Eastern Interconnection.

¹⁰ NERC December 21, 2007 Filing at 7.

¹¹ *Transmission Loading Relief Reliability Standard and Curtailment Priorities, Notice of Inquiry*, FERC Stats. & Regs. ¶ 35,564 (2010) (TLR NOI).

expect that the Commission and NERC will have finished consideration of TLR NOI issues by that time.

7. Entergy proposes to amend its OATT to include procedures that supplement the NERC TLR Procedures by subjecting additional non-firm transactions to curtailment. According to Entergy, these procedures were developed primarily by the ICT with input from Entergy's system operators and were designed not to deviate from the current NERC TLR Procedures or the underlying IDC mechanism. Entergy adds that its proposal is not an attempt to preempt the TLR NOI but rather is simply an effort to put in place interim enhanced curtailment procedures while the Commission, NERC and the industry take the time necessary to consider the broader curtailment issues related to the TLR NOI.

8. Entergy's proposal consists of essentially two parts: (1) Local Area Procedures that would be added as an attachment to its OATT to specify the procedures Entergy would implement when the NERC TLR Procedures would not be effective (the ICT would determine when Entergy should implement these Local Area Procedures); and (2) Supplemental Curtailment Procedures that would be added to its OATT to complement the NERC TLR Procedures to ensure that non-firm, non-interchange transmission transactions are subordinate to firm transactions for curtailment.¹² Additional OATT provisions filed by Entergy would detail which of these sets of procedures would be applied to a given system constraint. Entergy asserts that the proposed revisions are consistent with or superior to the *pro forma* OATT and requests that the proposed tariff revisions be made effective on April 25, 2010.

III. Notice of Filing and Responsive Pleadings

9. Notice of Entergy's filing was published in the *Federal Register*, 75 Fed. Reg. 9892 (2010), with interventions and protests due on or before March 16, 2010. A notice of intervention was filed by the Council of the City of New Orleans. Constellation Energy Commodities Group, Inc. and Constellation NewEntergy, Inc. filed a timely joint motion to intervene. RRI Entergy, Inc. also filed a timely motion intervene. The Southwest Power Pool, Inc. (SPP), Entergy's ICT, filed a timely motion to intervene and comments.

10. Timely motions to intervene and protests were filed by the Electric Power Supply Association (EPSA), KGen Power Management Inc. and Cottonwood Energy Company

¹² Entergy also includes a Business Practice that details the steps that will be taken to implement the Supplemental Curtailment Procedures set out in the OATT. Entergy does not propose to include this in its OATT.

LP (jointly, KGen and Cottonwood), NRG,¹³ Occidental Chemical Corporation (Occidental), Southeast Electricity Consumers Association (SECA), and Union Power Partners, L.P. (Union Power).

11. A timely joint motion to intervene, protest and request for suspension and the initiation of paper hearing procedures was filed by Lafayette Utilities System, the Municipal Energy Agency of Mississippi, the Louisiana Energy and Power Authority, and the Mississippi Delta Energy Agency and its members¹⁴ (collectively, L-M Municipals). On March 31, 2010, SPP filed an answer to the protests. On April 2, 2010, Entergy filed an answer to the protests. NRG filed an answer responding to Entergy's answer on April 14, 2010.

IV. Discussion

A. Procedural Matters

12. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2009), the notice of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

13. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2009), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept the answers because they have provided information that assisted us in our decision-making process.

B. Substantive Matters

1. Entergy's Local Area Procedures and Supplemental Curtailment Procedures

a. Entergy's Proposal

14. Entergy proposes to include its Local Area Procedures, presently in Entergy's Business Practices, into its OATT for transparency purposes and to add new

¹³ Louisiana Generating LLC, Bayou Cove Peaking Power LLC, Big Cajun I Peaking Power LLC, NRG Sterlington Power LLC, and NRG Power Marketing, LLC (collectively, NRG).

¹⁴ Mississippi Delta Energy Agency's members are the Public Service Commission of the City of Yazoo City, Mississippi and the Clarksdale Public Utilities Commission of Clarksdale, Mississippi.

Supplemental Curtailment Procedures to complement the NERC TLR Procedures. In addition, Entergy proposes to add OATT provisions that will determine which of these two curtailment mechanisms will be applied to a given constraint.

15. Entergy states that it is submitting a new Attachment X to the OATT that includes the substance of the proposed Local Area Procedures.¹⁵ Entergy explains that all generators interconnected to the Entergy transmission system, including generators that operate within their own generation-only balancing authority areas, will be subject to the Local Area Procedures. Entergy asserts that its proposed Local Area Procedures consist of a series of seven progressive steps that follow the curtailment priorities established in the OATT:

Step 1. On a *pro rata* basis, Transmission Provider will curtail all non-firm point-to-point schedules with a Service Priority¹⁶ of 0-5 sourced from any generator with a GSF¹⁷ equal to or greater than 3.0 percent that adversely impacts the constrained flowgate. Schedules of each Service Priority will be curtailed in order of priority (i.e., 0, 1, 2, etc.) and will only be curtailed if curtailment of the lower Service Priority schedules will not remedy the constraint. Schedules of each Service Priority will be curtailed in their entirety before schedules of the next higher Service Priority are curtailed.

Step 2. On a *pro rata* basis, Transmission Provider will curtail all Secondary Network Service schedules with a Service Priority of 6 sourced from any generator with a GSF equal to or greater than 3.0 percent that adversely impacts the constrained flowgate. For purposes of calculating a Network Customer's pro rata share of

¹⁵ Entergy states that the substance of the proposed Local Area Procedures exists presently as a Business Practice, but is not incorporated within its OATT.

¹⁶ Service Priority is the priority of transmission service. The eight "Service Priorities" correspond to the "Transmission Service Priorities" set out in NERC's TLR Procedures. Entergy Services, Inc., FERC Electric Tariff, Third Revised Vol. No. 3, Original Sheet No. 675.

¹⁷ Generator Shift Factor (GSF) reflects a generator's impact on a flowgate, representing the change in flow on a flowgate due to an incremental injection at a generator bus, and a corresponding withdrawal at the swing bus. Entergy Transmittal at 6 n.12.

curtailment responsibility for Secondary Network Service schedules, unscheduled energy sourced from non Network Resource generators for delivery to the Network Customer's Network Load will be treated as having a Service Priority of 6 and will be included in such calculations to the extent that the generator has a GSF equal to or greater than 3.0% that adversely impacts the constrained flowgate. For purposes of calculating Transmission Provider's *pro rata* share of curtailment responsibility for Secondary Network Service schedules, unscheduled energy sourced from QFs or other non Network Resource generators for delivery to the Transmission Provider's Native Load Customers will be treated as having a Service Priority of 6 and will be included in such calculations to the extent that the generator has a GSF equal to or greater than 3.0% that adversely impacts the constrained flowgate.

- In lieu of curtailing unscheduled deliveries from QFs to Transmission Provider's Native Load Customers, Transmission Provider may redispach Transmission Provider Network Resources to relieve the constraint to the same extent that curtailment of the unscheduled QF deliveries would have relieved the constraint, provided that there is sufficient time to determine that the entity responsible for serving Transmission Provider's Native Load Customers will not be required to purchase electric energy during any period during which, due to operational circumstances, continuing to purchase from the QF will result in costs greater than those which Transmission Provider would incur if it did not make such purchases.
- In the event that Secondary Network Service schedules or unscheduled deliveries to Transmission Provider's Native Load Customers from a QF are curtailed under this Step 2, the QF must reduce its output to reflect such curtailments, provided that such curtailments shall not require the QF output to go below the minimum run level necessary to maintain the QFs other industrial or commercial processes unrelated to the generation of electric energy.

Step 3. Transmission Provider will reconfigure its Transmission System to mitigate the constraint.

Step 4. On a *pro rata* basis, Transmission Provider will curtail Firm point-to-point schedules and redispatch Network Resource schedules with a Service Priority of 7 sourced from any generator with a GSF equal to or greater than 3.0 percent that adversely impacts the constrained flowgate. For purposes of calculating a Network Customer's *pro rata* share of redispatch, unscheduled deliveries from Network Customer's Network Resource generators for delivery to the Network Customer's Network Load will be treated as having a Service Priority of 7 and will be included in such calculations to the extent that the generator has a GSF equal to or greater than 3.0% that adversely impacts the constrained flowgate. For purposes of calculating Transmission Provider's *pro rata* share of redispatch, unscheduled deliveries from Transmission Provider Network Resources (including nuclear generators) to Transmission Provider's Native Load Customers will be treated as having a Service Priority of 7 and will be included in such calculations to the extent that the generator has a GSF equal to or greater than 3.0% that adversely impacts the constrained flowgate.

- In lieu of redispatching a nuclear generator, Transmission Provider will redispatch or curtail schedules from other Network Resources that have been designated by the Transmission Provider or Transmission Provider secondary resources to the same extent (or as close to the same extent as possible) that redispatching the nuclear generator would have relieved the constraint.
- In the event that Firm PTP¹⁸ or Network Resource schedules from a QF are curtailed/redispatched under this Step 4, the QF must reduce its actual output to reflect such curtailments and redispatch directives, provided that such curtailments and redispatch directives shall not require the QF output to go below the minimum run level necessary to maintain the QFs other industrial or commercial processes unrelated to the generation of electric energy.

¹⁸ Point-to-point.

Step 5. If Steps 1-4 are unable to provide the necessary relief, before moving to Step 6, the Transmission Provider will contact the ICT to discuss additional mitigation options available.

Step 6. Transmission Provider will repeat Steps 1, 2, and 4 utilizing a 1.5 percent GSF in lieu of a 3.0 percent GSF. All other aspects of Steps 1, 2, and 4 will remain the same.

Step 7. On a *pro rata* basis, Transmission Provider will curtail and/or redispatch any remaining schedules and unscheduled deliveries sourced from a nuclear generator or QF having a GSF equal to or greater than 1.5 percent that adversely impacts the constrained flowgate, even if such curtailments and redispatch directives would require the nuclear plant to reduce its output or would require the QF output to go below the minimum run level necessary to maintain the QF's other industrial or commercial processes unrelated to the generation of electric energy.

16. Entergy requests that the tariff sheets implementing the Local Area Procedures be made effective on April 25, 2010.

17. In addition to the Local Area Procedures, Entergy proposes Supplemental Curtailment Procedures to complement the NERC TLR Procedures. Entergy explains that these revisions to the OATT will ensure that non-firm, non-interchange transmission transactions are subordinate to firm transactions for curtailment.

18. Entergy states that various Entergy transmission customers and participants in the ICT stakeholder process have urged Entergy and the ICT to adopt procedures to ensure that non-interchange transactions with a non-firm priority are curtailed during a Level 4 (or 5) TLR,¹⁹ even though those transmission transactions could not be subject to curtailment under the NERC TLR Procedures. After consulting with the ICT and stakeholders, Entergy agreed to add new provisions, Supplemental Curtailment

¹⁹ NERC TLR Level 4 provides for reconfiguration of the transmission system to allow transactions using firm point-to-point transmission service to continue. NERC TLR Level 5 provides for reallocation of transmission service by curtailing interchange transactions using firm point-to-point transmission service on a pro rata basis and curtailment of interchange transactions using firm point-to-point transmission service. NERC, TLR Procedure: *TLR Levels*, available at <http://www.nerc.com/page.php?cid=5|67|205> (viewed April 16, 2010).

Procedures, to its OATT. Specifically, Entergy proposes to amend sections 14.7 (Curtailed or Interruption of Service) and 33.4 (Curtailments of Scheduled Deliveries) of its OATT to read as follows:

[W]here Non-Firm Point-to-Point Transmission Service, Secondary Service under [s]ection 28.4 or other non-firm transmission service transactions (i) are contributing to the constraint and (ii) would not be Interrupted or Curtailed under the NERC TLR Procedures, the Transmission Provider will Interrupt and/or Curtail such transmission service transactions prior to Curtailing and/or Interrupting Firm Transmission Service.

19. Entergy states that it is not proposing to alter the NERC TLR Procedures. Rather, as permitted by the Reliability Standards, it seeks to add the tariff provisions to allow Entergy the authority to curtail transactions in addition to those covered under the NERC TLR Procedures. It emphasizes that the proposed Supplemental Curtailment Procedures reflect the intent of OATT sections 13.6 (Curtailed of Firm Transmission Service), 14.7, and 33.4 that, when curtailments are necessary, all schedules of the same priority are treated alike and all non-firm services are curtailed before firm services.

20. Entergy states that its Business Practice details the steps that will be taken to implement its proposed Supplemental Curtailment Procedures. The Business Practice provides that after a Level 3 TLR²⁰ is called in anticipation of a Level 4 TLR, the ICT will identify each generator within Entergy's balancing authority area with a 5 percent or greater GSF on the constrained facilities.²¹ Next, Entergy explains, the ICT will identify whether, for the current or following hour, such generator has been scheduled for an Affected Delivery.²² In the event that the ICT issues a TLR Level 4 to reconfigure

²⁰ A NERC TLR Level 3 calls for reallocation of transmission service by curtailing interchange transactions using non-firm point-to-point transmission service. NERC, Transmission Loading Relief (TLR) Procedure: *TLR Levels*, available at <http://www.nerc.com/page.php?cid=5|67|205> (viewed April 16, 2010).

²¹ Effectively, a 5 percent GSF threshold means that generators with impacts upon a flowgate constraint of less than 5 percent will be excluded from curtailment. Entergy states that it is willing to consider changing to an alternate measure of generator impact on constraints, Generator to Load Distribution Factor (GLDF), in the future.

²² The Business Practice defines Affected Delivery as a delivery within Entergy's balancing authority area by: (1) any Transmission Customer, including the entity responsible for serving the Transmission Provider's Native Load Customers, under

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transmission, it will provide notice to Entergy requiring the curtailment of all Affected Deliveries for the current hour. Curtailment will continue for each subsequent TLR Level 4 issuance and in any TLR Level 5 issued. Also, any Affected Deliveries that are scheduled for the following hour may not begin until the ICT releases the TLR Level 4 or Level 5.

21. The Business Practice further provides that, in accordance with North American Energy Standards Board (NAESB) Business Practice Standards, the ICT will post the information required under the Commission's regulations for curtailments or interruptions of transactions posted on the Open Access Same-Time Information System (OASIS). Entergy states that NAESB Business Practices dictate the way Transmission Providers meet the posting requirements, but that NAESB has not implemented an OASIS template for the reporting of curtailments of unscheduled deliveries. Entergy states that, should NAESB revise the OASIS template or implement other measures for posting the curtailment of unscheduled deliveries, Entergy will follow those requirements for its proposed Supplemental Curtailment Procedures.

22. Entergy asserts that, because the proposed Supplemental Curtailment Procedures better reflect the intent of the Commission with regard to curtailments by complementing the NERC TLR Procedures to ensure that non-firm, non-interchange transmission transactions are subordinate to firm transactions for curtailment purposes, the proposed revisions, as implemented by the Business Practice, are consistent with or superior to the *pro forma* OATT.

23. Entergy notes that stakeholders disagreed as to whether the proposed revised OATT and Business Practice should apply to unscheduled deliveries from Qualified Facilities (QFs) that are secondary or non-designated network resources under Entergy's OATT. Entergy explains that the ICT requested that Entergy exclude the curtailment of unscheduled deliveries from QFs as part of the Business Practice pending further guidance from the Commission on how to treat QFs for modeling purposes.²³ Entergy requests that the proposed Supplemental Curtailment Procedures be included in its OATT to become effective April 25, 2010.

Secondary Service (as defined in section 28.4 of the Tariff); (2) any Transmission Customer using Non-Firm Point-to-Point Transmission Service; or (3) any grandfathered pre-Order No. 888 transmission customer that has arranged non-firm transmission service.

²³ Entergy's filing notes that this issue is pending before the Commission in the Entergy Criteria Manuals proceeding in Docket Nos. ER05-1065-011 and OA07-32-008. Entergy Transmittal at 7.

24. Entergy also is submitting various tariff revisions to clarify the division of responsibilities between Entergy and the ICT regarding the proposed Local Area Procedures and the Supplemental Curtailment Procedures, and when each procedure will be followed. To accomplish this, Entergy is amending sections 14.7 and 33.4 of the OATT to include the specific standard used to decide whether the Local Area Procedures or the NERC TLR Procedures will be applied in particular circumstances. Under the amended sections, the ICT determines whether the NERC TLR Procedures will effectively relieve a constraint by evaluating the extent to which interchange transactions are contributing to the constraint. Entergy adds that if a constraint is not relieved after using the NERC TLR Procedures and/or the Local Area Procedures, the ICT and/or Entergy may take any other action necessary to protect the reliability of the transmission system.

25. Entergy states that it has retained the same division of responsibilities contained in the original version of Attachment S (Independent Coordinator of Transmission) approved by the Commission in Docket No. ER05-1065-011 (i.e., the ICT decides whether the TLR or Local Area Procedures should be used, the ICT implements TLRs, and Entergy implements the Local Area Procedures). To address any potential ambiguity, Entergy states that sections 6.1.8 and 6.2.3 of the ICT Reliability Protocol appended to Attachment S have been added and revised respectively to include the proper cross references to new Attachment X and revised OATT sections 14.7 and 33.4. The revisions to these sections provide that if 10 percent or more of the power flows causing a constraint are attributable to interchange transactions, the ICT will implement the NERC TLR Procedures, as supplemented by Entergy's proposal, to relieve the constraint. However, if such flows fall below 10 percent, the ICT will inform Entergy that the Local Area Procedures must be used to relieve the constraint. Section 1.1 of Attachment X (Division of Responsibilities) provides additional detail regarding which entity is responsible for various actions provided for under the proposed Local Area Procedures.

b. Protests

26. Protesters generally oppose acceptance of Entergy's proposed Attachment X, Local Area Procedures.²⁴ They express various concerns regarding the nature and operation of the Local Area Procedures. NRG states that the proposed Local Area Procedures clearly favor Entergy's own resources at the expense of its competitors.²⁵ NRG states that the Local Area Procedures must be rejected by the Commission because if the Local Area Procedures are implemented this summer season, improper curtailments

²⁴ See, e.g., NRG, Union Power, EPSA, and SECA Protests.

²⁵ NRG Protest at 2.

that may result from these procedures could not be revisited and remedied and all relief would be prospective.

27. L-M Municipals question whether the proposed Local Area Procedures are consistent with or superior to the *pro forma* OATT because they permit some non-firm flows to continue while firm flows are cut, while the *pro forma* OATT clearly states that non-firm schedules have a lower service priority than firm schedules.²⁶ NRG notes that while Entergy may have shared information on these topics with stakeholders some time ago, this should not be viewed a stakeholder acceptance or endorsement. NRG contends that most stakeholders in attendance at the meeting where Entergy presented its Local Area Procedures proposal opposed their adoption.

28. EPSA states that Entergy's proposed revisions to its OATT still allow for discrimination among non-interchange and interchange transactions in implementing the proposal, given questions about the ICT's independence from Entergy.²⁷ According to EPSA, the ICT should not cede its reliability coordinator responsibility to Entergy at any point in the TLR process. In addition, EPSA argues that the proposal raises concerns about comparability and has steps that will make firm transactions subordinate to non-firm transactions.²⁸ EPSA contends that Entergy's proposed revisions undermine the Commission's goals to eliminate undue discrimination and preempts the Commission's TLR NOI process.²⁹

29. Union Power contends that Entergy's proposed Supplemental Curtailment Procedures and proposed Local Area Procedures treat identical service types differently because two separate sets of procedures will be used. Union Power also provides some hypothetical examples of unduly discriminatory treatment.³⁰ Union Power states that different firm point-to-point transmission customers taking service under Entergy's OATT would be subject to either the proposed Supplemental Curtailment Procedures, the Local Area Procedures, or both, and hence curtailed in different manners, based upon their manner of interconnection, and whether they are subject to the NERC TLR

²⁶ L-M Municipals Protest at 12.

²⁷ EPSA Protest at 7.

²⁸ *Id.* at 9.

²⁹ *Id.* at 3 (citing TLR Reliability Standard and Curtailment Priorities, Notice of Inquiry, FERC Stats. & Regs. ¶ 35,564 (2010) (TLR NOI)).

³⁰ Union Power Protest at 9.

procedures (including the proposed Supplemental Curtailment procedures), which do not curtail transactions within a single balancing authority area.

30. If the proposed Local Area Procedures are retained, L-M Municipals express their concern over Entergy's retention of complete control over the implementation of its Local Area Procedures. To the extent there is discretion in how Local Area Procedures are applied, they state that the ICT should be directly involved in that process, especially given the limitations on after-the-fact information reporting.³¹

31. NRG argues that the Commission should mandate that Entergy always use the TLR and new Supplemental Curtailment Procedures before turning to the Local Area Procedures.³²

32. SPP is the only commenter that supports Entergy's decision to file the proposed Local Area Procedures as an amendment to the Entergy OATT. It notes, however, that it took no position on the substantive issues presented in the proposed Local Area Procedures. SPP answers NRG's protest by stating that section 6.1.8 of the Reliability Coordinator Protocol as appended to Attachment S clearly provides SPP (as the ICT) with the authority and responsibility to determine whether to use the TLR process or the proposed Local Area Procedures. To address L-M Municipals' concern, SPP states that, as the reliability coordinator for Entergy, SPP actively monitors and oversees the effectiveness of the Local Area Procedures process and will consider other possible alternatives consistent with its reliability coordinator responsibilities.

33. Many protesters urge rejection of the ten percent threshold, below which the Local Area Procedures will be applied. Union Power states, and other protesters agree,³³ that Entergy's filing lacks technical support for the establishment of a ten percent threshold, and therefore, concludes that the percentage is an arbitrary amount.³⁴ KGen and Cottonwood state that Entergy's operational experience, which it provides as justification for the establishment of the 10 percent threshold, is not a reliable predictor of how effective the combination of the TLR Procedures and the proposed Supplemental Curtailment Procedures will be for relieving constraints in the future. L-M Municipals

³¹ L-M Municipals Protest at 11.

³² NRG Protest at 26-27.

³³ KGen and Cottonwood Protest at 5-6; NRG Protest at 24-28; L-M Municipals Protest at 13; SECA Protest at 9-10.

³⁴ Union Power Protest at 5.

contend that while actual experience should not be dismissed lightly, neither should unsupported claims be accepted at face value.

34. L-M Municipals state that Entergy's proposed procedures fail to indicate what modeling process the ICT will use to determine whether 10 percent or more of power flows are "attributable" to interchange transactions.³⁵ SECA states that Entergy proposes to retain the discretion to ignore the 10 percent threshold whenever it determines that it is appropriate to use the TLR Procedures or the proposed Local Area Procedures. According to SECA, the proposed language gives Entergy excessive discretion without bounds or limitations regarding whether the TLR or Local Area Procedures are used.³⁶

35. Many protesters³⁷ contend that Entergy's treatment of QFs in the curtailment process contained in its OATT filing is unclear or would conflict with applicable PURPA and implementing Commission regulations requiring Entergy to purchase QF "put" energy.³⁸ Occidental argues that Entergy's proposal treats QFs identically to other generators, which is contrary to the long-established requirements of PURPA and the intent of PURPA to encourage cogeneration and small power production.³⁹ Occidental argues that Entergy's proposed OATT revisions that allow the curtailment of QFs making unscheduled deliveries pursuant to PURPA violate PURPA and the Commission's regulations implementing PURPA.⁴⁰ Absent the inclusion of an explicit carve-out for QFs making unscheduled deliveries pursuant to PURPA, Occidental advises that the Commission reject Entergy's proposed Local Area Procedures, just as, it contends, the Commission has consistently struck down utility-imposed requirements that would force

³⁵ L-M Municipals Protest at 13.

³⁶ SECA Protest at 10.

³⁷ *See* SECA Protest at 6-8; Occidental Protest at 9; Union Power at 19-20; EPSA Protest at 5, 10.

³⁸ Public Utilities Regulatory Policies Act of 1978 § 210, 16 U.S.C. § 824a-3 (2006) (PURPA). Subject to certain exemptions, PURPA and implementing Commission regulations establish an obligation of utilities to purchase energy and capacity made available by a QF under most circumstances. *See also* 18 C.F.R. § 292.303 (2009).

³⁹ Occidental Protest at 9.

⁴⁰ *Id.* at 9 (citing PURPA, 16 U.S.C. § 824a-3).

QFs to waive or relinquish their PURPA rights⁴¹ and consistently affirmed the must-take status of QF generators.⁴² Occidental also contends that under the proposed procedures, Entergy attempts to unlawfully avoid its statutory obligation under PURPA to purchase unscheduled power from QFs by treating unscheduled deliveries from QFs as equivalent to secondary network service.⁴³ SECA asks the Commission to require Entergy to further clarify how it intends to treat QFs with respect to the TLR Procedures.⁴⁴

36. While protesters generally oppose Entergy's proposed Local Area Procedures, some protesters express their support for Entergy's proposed Supplemental Curtailment Procedures.⁴⁵ KGen and Cottonwood jointly contend that Entergy's filing is a "step in the right direction," but one that requires modifications to ensure that Entergy curtails consistent with its obligations under its OATT.⁴⁶ They state that the correct approach is to rely on TLRs to the maximum extent possible, supplemented with Entergy's new Supplemental Curtailment Procedures to ensure all non-firm transmission services are curtailed in accordance with the priority assigned under the Entergy OATT. They call for use of the Local Area Procedures only when these first two mechanisms would not relieve constraints or when response time is critical.⁴⁷

⁴¹ Occidental Protest at 10 (citing *see Southwest Power Pool, Inc.*, 125 FERC ¶ 61,314, at P 38 (2008), *order denying clarification*, 126 FERC ¶ 61,135, at P 6 (2009); *Western Systems Power Pool*, 66 FERC ¶ 61,201, at 61,457-58 (1994); *Entergy Services, Inc.*, 63 FERC ¶ 61,156 (1993) (rejecting Entergy's requirement that QFs waive their PURPA rights to sell at avoided costs in order to access transmission service)).

⁴² Occidental Protest at 10 (citing *Cal. Indep. Sys. Operator Corp.*, 129 FERC ¶ 61,009, at P 10 (2009)).

⁴³ Occidental Protest at 2.

⁴⁴ SECA Protest at 11.

⁴⁵ *See, e.g.*, NRG Protest at 2; Union Power Protest at 17; KGen and Cottonwood Protest at 5-6.

⁴⁶ KGen and Cottonwood Protest at 1.

⁴⁷ *Id.* at 5-6.

37. EPSA states that the details of Entergy's proposal present more questions and/or problems than it solves.⁴⁸ KGen and Cottonwood jointly contend that Entergy attempts to correct a deficiency in the existing TLR process (i.e., not accurately taking non-interchange transmission service into account) with a process that includes a similar deficiency (i.e., not considering interchange transmission services).⁴⁹ NRG notes that Entergy's Supplemental Curtailment Procedures, which address only non-firm transactions, do nothing to ensure that firm non-interchange transactions are curtailed *pro rata* with firm interchange transactions.⁵⁰

38. Union Power asserts that Entergy fails to demonstrate that its proposed revisions to the Entergy OATT are consistent with or superior to the Commission's *pro forma* OATT. It further argues that Entergy's proposed Supplemental Curtailment procedures are inconsistent with the *pro forma* OATT and that Entergy could have done more to bring itself into compliance with its OATT by developing a single procedure that minimizes, if not eliminates, unduly discriminatory treatment between its two proposed procedures.⁵¹ As an alternative to Entergy's proposed processes, Union Power suggests that the Supplemental Curtailment Procedures should be used together with certain revisions to the processes in the Business Practice and the elimination of the Local Area Procedures.⁵² Union Power states that implementing this alternative approach will move Entergy's proposal towards compliance with the requirements of Order No. 890.⁵³

⁴⁸ EPSA Protest at 4-5.

⁴⁹ KGen and Cottonwood Protest at 5.

⁵⁰ NRG Protest at 18.

⁵¹ Union Power Protest at 18.

⁵² Two changes to the Business Practice that Union Power suggests are: (1) the curtailment of "Affected Deliveries" that Entergy proposes occur at TLR Level 4, should occur at TLR Level 3 with "Affected Deliveries" renamed as "Non-firm Affected Deliveries;" and (2) the addition of a mechanism to capture curtailment of firm transactions not otherwise captured in the IDC for curtailment at TLR Level 5 with the additional transactions defined as "Firm Affected Deliveries." Union Power Protest at 18.

⁵³ Union Power Protest at 18 (referencing *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC

(continued...)

39. KGen and Cottonwood maintain that Entergy's OATT revisions and Business Practice include few details regarding implementation of Entergy's proposed Supplemental Curtailment Procedures and, therefore, KGen and Cottonwood encourage the Commission to require Entergy to establish guidelines that include, but are not limited to:

- (1) A procedure for the Reliability Coordinator to calculate the maximum megawatt relief to be achieved if all appropriate non-firm non-interchange transmission services were to be curtailed first;
- (2) A requirement that all transmission service curtailments be performed on a pro rata basis based on various transmission priority levels established in the OATT and incorporated into the TLR;
- (3) A requirement that transmission service curtailments will be implemented only to the level and duration needed to fully mitigate the constrained transmission element(s);
- (4) A requirement that once the constraint is mitigated, affected transmission services should be restored to their original status according to their priority levels; and
- (5) A requirement that all curtailments should be posted immediately regardless of whether posting would otherwise be required under existing rules for posting curtailments on Entergy's [OASIS]. Also, GLDFs/GSFs used in the curtailments should be posted.⁵⁴

40. Some protesters also dispute the use of the 5 percent GSF factor in the Business Practice to govern the proposed Supplemental Curtailment Procedures. KGen and Cottonwood point out that the NERC standard for distribution factors cut-off is 5 percent. They disagree with the use of GSF or GLDF below 5 percent as a basis for proposed Local Area Procedures curtailments and argue that Entergy should be required to submit analyses and workpapers to justify the use of a lower GLDF/GSF cut-off. In addition, L-M Municipals state that adopting a 5 percent GSF threshold to identify non-firm schedules subject to curtailment results in non-firm schedules with a GSF of 4.9 percent or less continuing to flow while firm schedules having a 5 percent or greater GLDF are

¶ 61,228 (2009), *order on reh'g*, Order No. 890-D, 129 FERC ¶ 61,126 (2009)).

⁵⁴ KGen and Cottonwood Protest at 8.

curtailed.⁵⁵ L-M Municipals states that this is contrary to the stated purpose of Entergy's filing and also creates a danger of "gaming" and abuse.⁵⁶ Therefore, L-M Municipals encourages the Commission to reduce or eliminate the 5 percent shift factor threshold as applied to non-firm schedules. To be consistent with the OATT, L-M Municipals suggest that *all* identifiable non-firm flows should be cut to zero before any firm schedules are reduced.⁵⁷

41. Union Power also argues that any curtailment process belongs in the OATT, not in the Business Practice, and asks the Commission to direct Entergy to include the proposed curtailment process in its OATT.⁵⁸ While Union Power acknowledges that the Commission permits the use of business practices, it cautions that the enforceability of business practices not approved by the Commission as part of an OATT is extremely difficult, if not impossible.⁵⁹ Moreover, Union Power asserts that the Commission's rule of reason test⁶⁰ requires the inclusion of processes related to curtailment in the OATT.⁶¹ It argues that due to the significant impact the curtailment process can have on transmission service under the OATT curtailment processes must be included in the OATT.

42. NRG contends that Entergy's proposal does not curtail in a non-discriminatory manner because it proposes to curtail all non-firm *interchange* transactions prior to curtailing even the lowest of non-firm schedules internal to the Entergy system, i.e., all *interchange* schedules will be curtailed when the Reliability Coordinator issues a Level 3 TLR. However, NRG notes that Entergy proposes to curtail its own *non-interchange* non-firm transactions only after the Reliability Coordinator has escalated the TLR to a Level 4, by which time all non-firm interchange schedules have already been curtailed.⁶²

⁵⁵ L-M Municipals Protest at 9.

⁵⁶ *Id.*

⁵⁷ *Id.* at 12.

⁵⁸ Union Power Protest at 21.

⁵⁹ *Id.*

⁶⁰ *Id.* (citing Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 1633).

⁶¹ Union Power Protest at 21.

⁶² NRG Protest at 17-18.

43. In its answer, Entergy argues that transmission congestion on its system cannot be reliably managed without some form of local procedures, such as the Local Area Procedures, because the current NERC TLR Procedures frequently do not provide enough relief to mitigate the constraints. Entergy contends that, even if the ICT were to implement the NERC TLR Procedures and the new Supplemental Curtailment Procedures and reduce the minimum threshold, there would still be numerous events each year where those procedures would not resolve transmission line loading.

44. Entergy also argues that section 14.7 of the Entergy OATT authorizes it to implement curtailment procedures as necessary to relieve transmission congestion and maintain reliability. Further, Entergy counters the concerns about the operation of the Local Area Procedures by stating that, in one form or another, the Local Area Procedures have been in place for over ten years, including the last three with the ICT acting as Entergy's Reliability Coordinator.

45. Answering NRG's suggestion to always use the NERC TLR and Supplemental Curtailment Procedures before the Local Area Procedures, Entergy contends that this would undermine the effectiveness of the Local Area Procedures to apply the NERC TLR Procedures, wait for the ICT to confirm that the TLR Procedures did not relieve the congestion, and then turn to the Local Area Procedures. Entergy argues that such additional complexity and delay would burden the congestion management process.

46. With regard to the different thresholds, Entergy argues that using a tighter threshold is reasonable when applied to a wide spectrum of potential transactions. At the Local Area Procedures level, Entergy claims it is looking at a smaller universe of non-interchange transactions, so it is reasonable to apply a deeper standard. Entergy states that, while it is aware of the Commission's admonition not to curtail transactions with *de minimis* impacts, operational history confirms that there are significant events on the Entergy transmission system where curtailments down to the 1.5 percent threshold are necessary to mitigate constraints.

47. Answering NRG's protest, Entergy explains that, when it transacts with generators that are interconnected to the Entergy transmission system but are in other balancing authority areas, those transactions will be considered interchange transactions under the NERC TLR and Supplemental Curtailment Procedures and will be treated the same as NRG's transactions.⁶³ Entergy adds that the fact that non-interchange non-firm transactions are not included in the IDC is not specific to transactions serving Entergy's native load, and Entergy further notes that other non-affiliated transmission customers (e.g., MDEA, MEAM, AECC and SMEPA) also reserve non-firm transmission service

⁶³ Entergy Answer at 29.

internal to Entergy's balancing authority area and those transactions are also not included in the IDC.⁶⁴

48. Entergy also argues that, because the IDC could not identify the specific non-interchange non-firm transactions to be curtailed, the ICT would have to manually search for those transactions. Because the IDC is not able to identify the *pro rata* amount of relief required for such transactions, Entergy argues, the ICT would have to find some means for manually calculating the curtailment amount for each non-interchange transaction, and no such means is readily available. Instead, according to Entergy, it and the ICT agreed that when non-interchange non-firm transactions would be curtailed after moving to a Level 4 TLR, all non-firm non-interchange transactions would be curtailed for the entire amount of the schedule, regardless of whether such curtailments would exceed the relief required.⁶⁵ In its response to Entergy's answer, NRG argues that Entergy disregards the *pro rata* curtailment priorities of the OATT.⁶⁶ Furthermore, it asserts that "the requirement that *all* transactions be curtailed *pro rata* was a cornerstone of the Commission's open access policies in Order No. 888 to eliminate discrimination and to remove impediments to competition in the wholesale marketplace."⁶⁷

49. In its answer, SPP argues that the suggestion to implement manual curtailments on a *pro rata* basis is simply not feasible due to the real-time requirement of identifying both internal generator and non-interchange non-firm schedules and the time frame for implementing such curtailments.⁶⁸ SPP maintains that, as an interim process until proposed changes to the NERC tools are complete, full curtailment at a TLR Level 4 of all non-interchange non-firm transmission service is the best practical option currently available.⁶⁹

⁶⁴ *Id.*

⁶⁵ *Id.* at 27.

⁶⁶ NRG Answer at 4.

⁶⁷ *Id.* at 5 (citing Order No. 888, FERC Stats. & Regs. ¶ 31,036).

⁶⁸ SPP Answer at 6-7.

⁶⁹ *Id.* at 7.

c. **Commission Determination**

50. We find that Entergy's proposed revisions to its OATT regarding the Local Area Procedures are not consistent with or superior to the *pro forma* OATT. Therefore, we will reject these proposed tariff sheets.⁷⁰ While we find it reasonable to treat curtailment of non-interchange, non-firm transactions consistent with interchange, non-firm transactions, we find that the proposed Local Area Procedures do not facilitate that outcome but, instead, would create a disparity in how comparable transmission transactions would be curtailed.

51. For example, the proposed Local Area Procedures would treat non-interchange and interchange transactions inconsistently. Specifically, non-firm and firm non-interchange transactions and export interchange transactions would be curtailed ahead of import interchange transactions, even though those interchange transactions may have greater impacts on the constraint and their curtailment could relieve the constraint as effectively as the curtailment of non-interchange transactions. As noted, a 10 percent threshold would be applied to determine whether, as in situations where 10 percent or more of transactions were interchange transactions, the proposed Supplemental Curtailment Procedures, rather than the proposed Local Area Procedures, should be applied. However, applying the 10 percent threshold, a single non-firm import interchange transaction with a generator shift factor of 20 percent may contribute to 9 percent of the flows on a constraint, but would not be subject to curtailment if the aggregate impact of interchange transactions on the constraint is less than 10 percent. At the same time, however, non-interchange and export interchange, non-firm and firm transactions with GSFs as low as 3 percent or 1.5 percent would be curtailed as necessary to relieve the constraint.

52. Thus, the proposed Local Area Procedures would unduly discriminate between non-interchange and export interchange transactions, on the one hand, and import interchange transactions, on the other, in a manner similar to the discrimination that the proposed Supplemental Curtailment Procedures are intended to remedy. We also note that the *pro forma* OATT already provides substantial instruction regarding the priorities for curtailment of transmission, provisions that are reflected in Entergy's current OATT.⁷¹

⁷⁰ These proposed tariff sheets include Attachment X, revisions to Attachment S, and corresponding revisions to sections 14.7 and 33.4.

⁷¹ See *pro forma* OATT sections 14.7, 13.6, 33.4; Order No. 888, FERC Stats. & Regs. ¶ 31,036, at 31,748-50 (1996); Order No. 888-A, FERC Stats. & Regs. ¶ 31,048, at 30,278-80 (1997).

53. Another problem with Entergy's curtailment approach in its proposed Local Area Procedures is that different firm point-to-point transmission customers taking service under Entergy's OATT would be subject to the Supplemental TLR Procedures, the Local Area Procedures, or both, and hence curtailed differently. We find such results to be inconsistent with the *pro forma* OATT, which requires transmission customers with the same priority and the same contractual paths to be curtailed comparably. Entergy must ensure that non-interchange and interchange transactions are curtailed in a comparable, non-discriminatory manner.

54. A number of protesters expressed concerns that the proposed Local Area Procedures are contrary to Entergy's PURPA "put" purchase obligations. Because we are rejecting the proposed Local Area Procedures, which expressly address curtailment of PURPA "put," we do not address those concerns here. However, as Entergy notes, issues concerning the interplay of PURPA "put" purchase obligations (and implementing Commission regulations) and OATT obligations are already currently pending before the Commission in the Entergy Criteria Manuals proceeding in Docket Nos. ER05-1065-011 and OA07-32-008. The Commission will take appropriate action on the issues raised in that proceeding when it acts in that proceeding. We note that this action does not mitigate Entergy's continued obligation to comply with applicable PURPA regulations and OATT curtailment requirements.

55. Although we find that proposed Local Area Procedures are not consistent with or superior to the *pro forma* OATT, we find that Entergy's proposed revisions to sections 14.7 and 33.4 of its OATT to implement Supplemental Curtailment Procedures, as modified below, are consistent with or superior to the *pro forma* OATT. For an interim period, until a Final Rule is issued in the TLR NOI proceeding, we find that Entergy's Supplementary Curtailment Procedures proposal, as modified, will provide additional certainty as to the treatment of non-interchange and interchange non-firm transactions, as well as ensure that non-firm, non-interchange transmission transactions are subordinate to firm transactions for curtailment purposes. Specifically, the proposed Supplement Curtailment Procedures will provide that non-interchange transactions with a non-firm priority will be curtailed in the same manner as interchange transactions with a non-firm priority.

56. We find that certain additional language must be included in Entergy's Supplemental Curtailment Procedures to ensure that they are consistent with or superior to the *pro forma* OATT. Entergy's Business Practice provides for curtailment of non-firm intra-balancing authority area transactions at a NERC TLR Level 4, while the NERC TLR Standard provides for curtailment of non-firm interchange transactions at NERC TLR Level 3. We will require Entergy to add the following language to the Supplemental Curtailment Procedures in the OATT specifying that it will implement non-firm, non-interchange curtailment at NERC TLR Level 3:

In the event that the Reliability Coordinator issues a NERC TLR Level 3 curtailing non-firm transmission transactions, the Reliability Coordinator shall curtail all non-firm transmission transactions within the Entergy balancing authority area, consistent with the OATT's priority levels for non-firm curtailment.⁷²

This ensures that Entergy curtails non-firm, non-interchange transactions and non-firm interchange transactions in a comparable manner.⁷³

57. The remaining issues raised by protesters in this proceeding are beyond the narrow scope of Entergy's curtailment procedure proposal. We will address such concerns, largely related to possible conflicts between the curtailment provisions of the *pro forma* OATT and the NERC TLR Procedures, in the TLR NOI proceeding and it is in that proceeding that protesters should raise their concerns.⁷⁴

58. We decline, for example, to address L-M Municipals' assertion that all identifiable non-firm flows should be cut to zero before any firm schedules are reduced, or other arguments regarding the use of, and percentage levels applied to, numeric curtailment thresholds. As the *pro forma* OATT provides ample guidance regarding curtailment priorities, and does not include thresholds, we believe that Commission specification of particular threshold levels for various types of curtailments is unnecessary. Moreover, L-M Municipal's suggestion relates to issues that will be examined in the TLR NOI and we decline to prejudge the outcome of that proceeding.

59. Therefore, we will direct Entergy to file, within 30 days of the date of this order, revised tariff sheets consistent with the discussion herein.

⁷² We note that accurate tagging will be necessary to effectively implement the Supplemental Curtailment Procedures and ensure comparable treatment of intra- and inter-balancing area curtailments.

⁷³ We agree with SPP's comments in its answer that *pro rata* curtailment of non-firm, non-interchange transactions at NERC TLR Level 3 is, at present, technically infeasible. We will instead require curtailment of *all* non-firm, non-interchange transactions at NERC TLR Level 3, which provides for comparable treatment and is technically feasible.

⁷⁴ TLR NOI, FERC Stats. & Regs. ¶ 35,564 at P 19.

2. Generator Load Distribution Factor versus Generator Shift Factor

a. Entergy's Proposal

60. A key element in determining which transmission transactions should be curtailed to relieve a constraint is the factor used to measure generators' congestion impacts upon transmission system flowgates. Entergy proposes to measure the impact on flowgates of certain transactions in terms of GSF, or Generator Shift Factor. GSF measures a generation resource's incremental increase or decrease in flow on a flowgate associated with an incremental increase or decrease in the generation resource's output,⁷⁵ and thus measures the generation unit's effect in contributing to a constraint at a flowgate. It measures changes in flow in reference to a swing bus that may or may not be located within a generator's balancing authority area. However, Entergy states that it is willing to consider changing to a more complex factor, Generator to Load Distribution Factor (GLDF), in the future.⁷⁶ Generator to Load Distribution Factor represents "the algebraic sum of a Generator Shift Factor and a Load Shift Factor"⁷⁷ to determine the total impact of an [i]nterchange [t]ransaction on an identified transmission facility or Flowgate."⁷⁸ Significantly, GLDF takes into account shifts in both generation and load within that generator's balancing authority area to calculate the impact of a transaction on a flowgate. Thus, unlike GSF, GLDF measures the impact of shifts in load, as well as shifts in generation, upon constraints and does so within the same balancing authority area.

⁷⁵ *Midwest Indep. Transmission Sys. Operator*, 111 FERC ¶ 61,043 at P 81 n.76.

⁷⁶ Entergy states that Entergy and the ICT have agreed to study the use of GSF during the upcoming summer season and evaluate whether a generator to load distribution factor (GLDF) should be used instead of a GSF. Entergy Transmittal at 6 n.12.

⁷⁷ NERC defines Load Shift Factor as "[a] factor to be applied to a load's expected change in demand to determine the amount of flow contribution that change in demand will impose on an identified transmission facility or monitored Flowgate." *NERC Reliability Standards Glossary of Terms*, http://www.nerc.com/files/Reliability_Standards_Complete_Set.pdf (viewed April 15, 2010).

⁷⁸ *NERC Reliability Standards Glossary of Terms*, http://www.nerc.com/files/Reliability_Standards_Complete_Set.pdf (viewed April 15, 2010).

b. Protests

61. Protesters generally assert that GLDF is a superior measure of constraints and argue that GLDF, not GSF, should be employed by Entergy, commencing this summer if possible. Union Power argues that Entergy does not support its use of GSFs or otherwise explain how the use of GSFs does not result in unduly discriminatory or preferential treatment. KGen and Cottonwood object to the use of GSF to identify transactions for curtailment because they state that GSF does not take into account the loads to which deliveries are made and, therefore, does not represent the real impact of specific generator outputs on a flowgate.⁷⁹ They instead advocate, and L-M Municipals concur with, the use of GLDF, which does take into account the loads to which deliveries are made, and state their preference for immediate implementation of GLDF.⁸⁰

62. SPP states that, while it has agreed with Entergy to use a GSF in the current Business Practice, using GLDF would be an improvement to the process. SPP asserts that GLDF more accurately models the impact of a particular transaction on a constrained facility because of its inclusion of a load component to the calculation while a GSF only accounts for the impact of the generator on the constrained facility. SPP states that it agreed to compromise and use GSF during the summer of 2010 while studying both calculations (GSF and GLDF) and revising the business practice if necessary after the summer season.⁸¹

63. Entergy's answer argues that using GLDFs to provide relief on a flowgate requires a combination of generation reduction and load shedding to achieve the expected amount of relief, but the goal of the Local Area Procedures is to reduce flowgate loading by increasing and/or decreasing generation without shedding load. Entergy asserts that, because the Local Area Procedures are intended to implement the curtailment priorities under the OATT rather than shed load, the use of GLDFs could potentially result in insufficient relief amounts acquired by the curtailments and redispatch instructions issued using GLDFs. Essentially, Entergy contends that the GSF is a better mechanism to predict relief because it better represents what will happen in real-time. Entergy states that it will assess the effectiveness of the GSF and whether application of the GLDF would increase the effectiveness of the Supplemental Curtailment Procedures during the coming summer peak season. Further, Entergy commits to providing the Commission

⁷⁹ KGen and Cottonwood Protest at 6.

⁸⁰ *Id.*

⁸¹ SPP Comments at 4 n.4.

with the results of that assessment, along with supporting data and analysis, by no later than October 31, 2010.

c. Commission Determination

64. The tariff provisions that we are accepting do not specify a method for determining a transaction's impact on the constraint. However, we note that Order No. 888 permits transmission providers to curtail transactions that substantially relieve constraints on a non-discriminatory basis.⁸² Incumbent in this authorization is the expectation that transmission providers, including Entergy, will use a methodology for measuring a transaction's impact on the constraint that accurately measures those impacts. We note that use of two separate methods of measurement – GLDF and GSF – can yield differing results. We also note that the GLDF measure appears to offer advantages over the GSF method.⁸³ We disagree with Entergy that GLDF will relieve only the GSF portion of the flowgate constraint because the load is still present. We find, rather, that in such circumstances the load would no longer be served by that impacted generator, but would be served by another generator. Therefore, the load portion of the GLDF measure would be relevant. We note that while Entergy and the ICT are studying future implementation of the GLDF methodology, this does not release Entergy from an obligation to employ an accurate method for measurement of the impacts of transactions on the constraint at the present.

3. Information Posting

a. Entergy's Proposal

65. In both its proposed Supplemental Curtailment Procedures and Local Area Procedures, Entergy states that, in accordance with NAESB Business Practice Standards, the ICT will post the information required under 18 C.F.R. §§ 37.6(a)(4) and 37.6(e)(3) for curtailments or interruptions of posted transactions. Entergy adds in its transmittal letter that NAESB has yet to implement an OASIS template for reporting curtailments of unscheduled deliveries; however, should NAESB revise the OASIS template or implement other measures for posting the curtailment of unscheduled deliveries, Entergy

⁸² Order No. 888, FERC Stats. & Regs. ¶ 31,036, at 31,749; *see also* Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at App. C, Pro Forma Tariff, sections 13.6, 14.7.

⁸³ *See supra* P 60.

will follow those requirements for curtailments implemented in accordance with the proposed Supplemental Curtailment Procedures.⁸⁴

b. Protests

66. L-M Municipals states that Entergy's information posting proposal raises questions as to whether and how much additional information will be disclosed to the public or to transmission customers within Entergy's system. Entergy's transmittal references NAESB's lack of a template for reporting curtailment of unscheduled deliveries and L-M Municipals concludes that this indicates that curtailments of this sort will not be posted on OASIS or otherwise be publicly reported. L-M Municipals caution that this is a potentially serious impediment to transparency that could make it impossible for stakeholders or the Commission to confirm that the proposed procedures are being applied properly and even-handedly. Given the current lack of a NAESB template for information reporting for curtailment of unscheduled deliveries, L-M Municipals suggest that the Commission require Entergy to develop and file a procedure for posting information about the curtailment of unscheduled deliveries pending further action by NAESB on an appropriate template.⁸⁵

c. Commission Determination

67. Section 37.6(a)(4) of the Commission's rules requires transmission providers to "clearly identify the degree to which transmission service requests or schedules were denied or interrupted." Section 37.6(e)(3) of the Commission's rules requires that "when any transaction is curtailed or interrupted, the Transmission Provider must post notice of the curtailment or interruption on the OASIS"⁸⁶ Therefore, Entergy must post on OASIS curtailments of unscheduled transactions, even if there is no applicable NAESB template. Entergy, however, is not required to do anything more than OASIS requires until NAESB develops an appropriate standard, as the Commission explained in Order No. 890.⁸⁷

⁸⁴ Entergy's Transmittal at 6.

⁸⁵ L-M Municipals Protest at 15.

⁸⁶ 18 C.F.R. § 37.6(e)(3) (2009) (emphasis added).

⁸⁷ Order No. 890, FERC Stats. & Regs. ¶ 31,241, at P 1627.

The Commission orders:

(A) Entergy's proposed Attachment X, Local Area Procedures, is hereby rejected.

(B) Entergy's proposed Supplemental Curtailment Procedures, as modified, are hereby accepted for filing, to become effective April 25, 2010, as requested.

(C) Entergy is hereby directed to submit a compliance filing within 30 days of the date of this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.