

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Remedying Undue Discrimination  
Through Open Access Transmission Service  
And Standard Electricity Market Design

Docket No. RM01-12-000

GridFlorida, LLC

Docket No. RT01-67-000

TECHNICAL CONFERENCE  
September 15, 2003

**COMMENTS OF KEN WILEY  
FLORIDA RELIABILITY COORDINATING COUNCIL, INC.**

Good Morning Commissioners. I am Ken Wiley, President and CEO of the Florida Reliability Coordinating Council, Inc. (FRCC).

I appreciate the opportunity to speak with you today concerning Florida's electric system. The reliability of the electric supply in the State of Florida should be considered in two separate geographical areas. The area of Florida west of the Apalachicola River (the Panhandle) is an area that is serviced electrically by Gulf Power Company and the Alabama Electric Cooperative. Gulf Power Company is a subsidiary of the Southern Company based in Birmingham, Alabama. Thus, the reliability considerations in Florida's panhandle are tied very closely to those of the Southern Company. The remainder of Florida (the peninsula) has been operated over the past 40 years as another electric supply region within Florida, now known as the Florida Reliability Coordinating Council (FRCC).

The unique geography of peninsular Florida has, of necessity, required the Florida utilities to work together. Electrically, Peninsular Florida is virtually an island, with only one electrical interface with the rest of the U.S., and no electrical flows across transmission systems in Florida to other parts of the country. Thus, the Florida utilities must look to

themselves, rather than outside resources, for help in solving common problems. This has been confirmed by the existence of unique Florida institutions, such as the Florida Operating Committee, the Florida Electric Power Coordinating Group, the Energy Broker Network, and the Florida Reliability Coordinating Council (“FRCC”).

### **History**

In the late 1950’s, the three investor-owned utilities in Peninsular Florida formed an informal association known as the Florida Operating Committee. The purpose was to increase the transmission interconnection capabilities in order to benefit in the sharing of operating reserves and in building larger generating units, which resulted in significant economic savings to the utilities and their customers.

The Florida Operating Committee developed extensive operating policies and procedures to enhance economic operation, and to ensure reliability in peninsular Florida. It also embarked upon coordinated transmission planning studies.

In 1972, this informal consortium formalized itself and became known as the Florida Electric Power Coordinating Group (FCG). The FCG continued to conduct coordinated operating, planning and stability studies. It also established reliability standards, operating policies and procedures, identified transmission constraints and, in later years, developed line loading relief procedures.

In 1976, the FCG formed the Florida Broker System. This system was a computerized hourly market which matched buyers and sellers of wholesale power so that the resulting transaction maximized the efficiency of economy energy generation in Florida. This system was opened to participation by all interested market participants in peninsular Florida (all municipal, cooperative and investor owned utilities).

In 1995, it became apparent that there were new market participants desiring to join this regional market. The FCG responded to this need and created a new organization separate and apart from the FCG, known as the Energy Broker Network (EBN). The purpose of this new organization was to encourage all entities operating in the wholesale electric marketplace in Florida to participate in the EBN. This effort was very successful. The membership of the EBN consisted of power marketers, federal electric utilities, electric cooperatives, municipal electric utilities, and investor owned utilities. The EBN showed the range of cooperation among the Florida market participants to encompass commercial and economics matters, as well as transmission and reliability matters. As a result of the action by the Federal Energy Regulatory Commission (FERC) to implement the Electric Policy Act of 1992 (Order 888 and 889), the usefulness of the EBN as an energy market for wholesale buyers and sellers diminished and the EBN was terminated in 2000.

In 1968, when the North American Electric Reliability Council (NERC) was formed, there were 12 Reliability Regions of NERC, 4 of which were the Southern Company, Tennessee Valley Authority (TVA), VACAR, and the Florida Power Corporation. By 1970, these 4 Reliability Regions formed the Southeastern Electric Reliability Council (SERC), and at the same time the other utilities in Florida joined as the Florida Subregion.

There has never been a need for a SERC-wide reliability study which included the Florida Subregion. The SERC-wide reliability studies included the other three subregions, VACAR, Southern and TVA. Peninsular Florida was not included because of our geographical significance and the fact that there are no “thru flows” in our transmission system. However, the Florida Subregion conducted inter-subregional reliability studies with the Southern Subregion.

After enactment of the Energy Policy Act of 1992, it became apparent that the reliability rules which NERC would be addressing must be made mandatory and enforceable. The FRCC became concerned that its interests would not be properly represented at the national level where these reliability rules were being conceived and implemented. Peninsular Florida does not have the same issues that the other seven states within SERC have. Since we are a peninsula with electric transmission interconnections only to the north, thereby placing limitations on imports and exports of energy, we did not have the problems caused by multiple interconnections in all directions. Because of this, we believed that our unique interest would not be properly represented by the SERC organization. Therefore, in 1996, the FRCC petitioned NERC to become the 10th Regional Reliability Council. This petition was granted.

### **FRCC Security Coordinator**

The FRCC has established a very thorough security process that all operating entities in the region must follow. This security process involves the establishment of a FRCC Security Coordinator who monitors the bulk power electric system on a moment-by-moment basis. All of the critical facilities and important electrical parameters are continuously monitored and studied. When the FRCC Security Coordinator detects a condition that might cause a reliability problem, they are authorized to direct actions of the appropriate entities to alleviate or mitigate the problem. The key to this success is immediate and effective communication. The FRCC has a private intra-net communication network in addition to a hotline and backup satellite phone system. In addition to directions from the Security

Coordinator, automatic protection schemes are in place to isolate problem areas. This minimizes the risk of any widespread or cascading outages occurring throughout the region.

The FRCC Security Coordinator employs the most advanced energy management system. It went into service during 2002. If the primary Security Coordinator energy management system failed due to any reason, the FRCC has a backup Security Coordinator ready to take over this function in a matter of hours. This backup Security Coordinator is currently installing a new sophisticated energy management system which should be in place in 2004.

### **FRCC Generation and Transmission Adequacy**

The FRCC performs reliability studies each year to determine the “health” of our bulk power electric system. These studies look at the bulk power electric system from several perspectives. Two important studies that are done each year are the FRCC Load and Resource Plan, and the FRCC Ten Year Transmission Study.

The FRCC Load and Resource Plan is a compilation of the operating entities ten-year site plans projecting the next 10 years. This compilation allows for the determination of a regional reserve margin, i.e. the amount of generating capacity above what is needed to serve firm load in the FRCC region. This information is provided to the Florida Public Service Commission each July, and a Commission workshop is held in August for a more intensive review by the Commission. The FRCC 2003 Load and Resource Plan indicates that the region has a reserve margin of at least 20% or greater for the next 10 years.

The FRCC Ten Year Transmission Study is an assessment of the adequacy of the FRCC bulk power transmission system. This study is normally conducted in two stages. The short term, or first five years, is analyzed in detail to determine specific remedies for any

thermal or voltage violations. The long term, or remaining five years, is reviewed to determine if any trends are developing that would require future attention.

As a testimony to the reliability and adequacy of the FRCC transmission system, we have not had any transmission line loading relief (TLR) events since 1999, when we incurred two such TLR's. Also, the Region has the ability to reliably import 3600 MW of firm capacity. This represents approximately 9% of the Region's peak load. At this moment, only 45% of the firm import capacity is committed to firm energy purchases into the Region.

### **Regional Transmission Organizations**

There has been much discussion concerning Regional Transmission Organizations (RTO) or Independent System Operators (ISO) over the last few years, and, most recently, as it relates to the August 14 blackout. The FRCC does not take a position of the merits of having or not having a RTO or ISO in Florida, but we do have a position that if a RTO or ISO is formed in Florida, it should be a Peninsular Florida only RTO or ISO. It is the FRCC Region's electrical uniqueness and associated reliability needs that compel it to be a stand-alone RTO or ISO in lieu of being a small part of a southeastern Regional RTO or ISO with security controls outside of the State of Florida.