

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Assessing the State of Wind Energy  
In Wholesale Electricity Markets

Docket No. AD04-13-000

NOTICE REQUESTING POST-TECHNICAL CONFERENCE COMMENTS

(December 21, 2004)

On December 1, 2004, the Federal Energy Regulatory Commission (Commission or FERC) held a technical conference in the above referenced docket to assess the state of wind energy in wholesale electricity markets. Specifically, the conference focused on potential policy changes that would better accommodate the participation of wind energy in wholesale electricity markets. The conference concluded with a list of action items, a summary of which is attached. To the extent items are absent from the list, parties may supplement the list in written comments as discussed below. Commission staff plans to proceed on the list of action items, starting with exploring elimination of Order No. 888 imbalance penalties and then progressing to development of new transmission services. For this latter effort, Commission staff, as discussed at the December 1 conference, will initially work with staff of the Bonneville Power Administration.

Interested persons are invited to file post-technical conference comments, including comments on the actions items listed in the attachment, the staff paper and any other topic relevant to this proceeding. These comments must be filed with the Commission no later than 5:00 PM Eastern Standard Time (EST) on **January 28, 2005**.

A transcript of the technical conference is available from the Commission's website, [www.ferc.gov](http://www.ferc.gov); and the Commission staff paper entitled Staff Briefing Paper: Assessing the State of Wind Energy in Wholesale Electricity Markets has been posted to the Commission's website and is available at: <http://www.ferc.gov/legal/ferc-regs/land-docs/11-04-wind-report.pdf>

For more information about this Notice, please contact Jignasa Gadani at 202-502-8608, [jignasa.gadani@ferc.gov](mailto:jignasa.gadani@ferc.gov).

Magalie R. Salas  
Secretary

## Attachment

At the conference, several parties requested action on various items by the Commission and/or other entities. The action items discussed at the conference include:

Transmission Rates and Services

- Should FERC reevaluate the imbalance penalties under the Order No. 888 *pro forma* transmission tariff? Based upon its evaluation the Commission could determine whether it is appropriate to modify its policy on imbalances. Potential solutions include:
  - Eliminating imbalance penalties for intermittent resources (while keeping non-punitive charges that reflect only the costs imposed by imbalances).
  - Allowing intermittent resources scheduling flexibility in order to minimize imbalance penalties.
  - Pricing imbalances on avoided cost and/or to aggregate imbalances over a greater time period and allow for netting and trading.
- Should existing regional grid operators evaluate the applicability of tariff provisions on imbalance charges currently in place in the California Independent System Operator Corporation's (CAISO's) service territory to other regions?
- Can improved wind generation forecasts help reduce imbalance penalties? What state-of-the-art forecast methodologies are available? Industry forecasters are encouraged to propose state-of-the-art parameters to be used as a benchmark.
- How can FERC and the industry increase utilization of existing transmission facilities? Potential options could include, but are not limited to:
  - A common definition of the needs and wants of the industry in relation to the development of innovative transmission services under *pro forma* transmission tariffs.
  - Partial Firm Transmission Service
  - Curtailable Firm Transmission Service
  - Long-term Non-firm Transmission Service
- Should FERC seek to develop an alternative to the transmission access queue? First-come-first-served may not be the most appropriate option. Potential solutions could include:
  - Clustering
  - Open Season
- In what ways should FERC and the industry seek to eliminate rate pancaking?
- Should FERC address allocation of new transmission capacity costs across seams?
- Should FERC update its abandoned plant policy to enable transmission owners to recover costs when building in excess of their current needs in anticipation of interconnection by generators?

- Should FERC examine the possibility of adopting a new transmission interconnection category - a “Renewable Resource Trunk Facility” that would not be treated as a generation tie and would be rolled into rates?
- Utilities that have existing policies and procedures in place that accommodate wind resources should identify which provisions have been proven to work, which have not, and any operational data in support.

#### Transmission Planning

- Order No. 888 pro forma tariff provisions 13.5 and 28.2 address a Transmission Provider’s obligations in response to requests for service, continued reliable operations, planning, and construction and/or redispatch. How effective are these provisions of the tariff? Do they need to be revisited? Should these provisions somehow provide for regional planning and expansion; and if so, how might this be accomplished outside an ISO or RTO?

#### State Support

- In what ways should FERC work with States on their preferences for Renewable Portfolio Standards (RPS) and Renewable Energy Credits (RECs)? How can the Commission develop policies that will assist utilities in meeting diverse State renewable requirements?

#### Tribal Consultation

- What issues do Indian tribes face in developing wind energy and bringing it to wholesale markets?
- What are the wind energy development issues in which FERC and Indian tribes should be consulting?

#### Capacity Value for Wind Resources

- Should benchmark criteria be established for use in developing capacity credits for State-administered reserve margins and capacity requirements?
- Should FERC advocate the use of the Effective Load Carrying Capability method of determining the capacity value of intermittent resources?

#### Other

Please comment on the following issues raised at the conference:

- The suggestion that FERC staff review the results of the Western Area Power Administration’s wind transmission study results to analyze the transmission capacity credits for wind resources.

- Should FERC, in conjunction with the Western Interstate Energy Board and the U.S. Department of Energy's National Renewable Energy Laboratory, analyze and compare actual transmission flows against Available Transmission Capacity?
- How can the Commission monitor the secondary market for transmission service and develop methods in which to spur activity in this market?
- How can FERC counter the difficulty of funding long-term regional transmission planning in non-RTO regions?
- Should the U.S. Department of Energy increase funding for energy storage technology? If so, would this benefit the grid operations as wind is added to the grid, by increasing the ability to accommodate the diurnal/nocturnal nature of wind use and maximize capacity?
- How can the industry seek better data standards? Will better quality data on transmission availability assist in gaining an appropriate picture of the operational aspects of existing transmission facilities?
- How can the industry develop standards that govern wind integration cost studies?
- What regional planning efforts should the industry undertake in order to develop better methods of cost support and cost recovery?
- Should programmatic assessment or evaluation of transmission corridors be undertaken by the Bureau of Land Management, Department of Agriculture, and the U.S. Department of Energy?
- Should the government explore increasing its funding of weather data sites to expand beyond airport facilities to areas with high wind potential and why?