

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Entergy Services, Inc.

Docket No. ER06-162-000

ORDER CONDITIONALLY ACCEPTING TARIFF REVISIONS

(Issued January 3, 2006)

1. Entergy Services, Inc., on behalf of the Entergy Operating Companies (Entergy), filed proposed revisions to its Open Access Transmission Tariff (OATT) to implement changes to its Available Flowgate Capability (AFC) methodology agreed to as part of the stakeholder process.¹ As discussed below, we will accept Entergy's proposed tariff revisions conditioned on Entergy submitting a compliance filing.

I. Background

A. The AFC Methodology Proceedings

2. On February 11, 2004, the Commission conditionally accepted Entergy's proposed AFC methodology for the determination of available transmission capacity.² On July 12, 2004, the Commission issued a subsequent order which, among other things, required more specificity with respect to certain aspects of the AFC methodology.³ On August 13, 2004, Entergy submitted a compliance filing which, among other things, proposed to institute a stakeholder process, and to make a section 205 filing once the stakeholder process was completed.

¹ Entergy also states that it provided for informational purposes a revised version of its AFC Manual that reflects other modifications agreed to as part of the stakeholder process.

² *Entergy Services, Inc.*, 106 FERC ¶ 61,115 (2004) (February 11 Order).

³ *Entergy Services, Inc.*, 108 FERC ¶ 61,046 at P17, 21 (2004) (July 12 Order).

3. On December 17, 2004, the Commission issued an order, initiating a section 206 hearing and investigation in Docket No. EL05-22-000 to evaluate the justness and reasonableness of the AFC process.⁴ The Commission also accepted Entergy's offer to institute a stakeholder process to address whether: certain AFC related files could be posted on the OASIS; additional information could be provided to customers regarding transmission service denials; and interchange and OASIS reservation data should be used when modeling neighboring control areas. On March 22, 2005, the Commission issued an order holding the section 206 investigation and hearing in abeyance pending the outcome of Entergy's proposal to establish an Independent Coordinator of Transmission (ICT).⁵

B. Entergy's Current Filing and Revisions

4. On November 4, 2005, Entergy filed, pursuant to section 205 of the Federal Power Act (FPA) proposed revisions to its OATT,⁶ stating that the changes were agreed to after consulting with stakeholders. Entergy states that eleven stakeholder meetings were held from January 2005 to October 2005 and that the stakeholders and Entergy reached consensus on the issues discussed above. Entergy also states that the stakeholders were provided with previous drafts of the instant filing and that no comments were received from the stakeholders prior to the filing. Entergy states that it will continue to hold the stakeholder meetings so that customers may discuss additional AFC issues.⁷

5. Entergy proposes to implement two revisions to its OATT to: (1) specify the criteria for adding and removing flowgates from the Master List; and (2) provide generator owners with additional information concerning third-party requests for transmission service from their generators. With respect to the proposed procedures for

⁴ *Entergy Services, Inc.*, 109 FERC ¶ 61,281 at P 44-45 (2004) (December 17 Order).

⁵ *Entergy Services, Inc.* 110 FERC ¶ 61,296 (2005) (March 22 Order).

⁶ Entergy also states that it made the revisions to its AFC manual which it is submitting to the Commission for informational purposes only.

⁷ Entergy notes that the stakeholder meetings will serve as a bridge between the current stakeholder process and the Transmission Service Stakeholder process proposed as part of the Independent Coordinator of Transmission proposal in Docket No. ER05-1065-000.

the selection, addition and removal of flowgates, Entergy states that it has developed a Master List that identifies approximately 300 flowgates on its system that significantly limit the amount of power that could be transferred over Entergy's transmission system under a variety of operating conditions.⁸

6. With regard to the criteria for adding flowgates to the Master List, Entergy states that it will review on an annual basis all available power flow studies of its system to ensure that enough flowgates are monitored to appropriately reflect the impact of wheeling power on its system under a variety of operating conditions and will consider adding flowgates to the Master List when power flow studies and other analyses indicate that additional flowgates may be necessary to ensure the safety and reliability of its system. Conversely, if studies indicate that the number of flowgates added to the Master List impedes the efficiency of the AFC model or reduces transparency, it will consider removing the flowgates from the Master List. Entergy also states that the Master List process used to add or remove flowgates was the subject of a number of stakeholder discussions and that Entergy and the stakeholders reached consensus regarding the process to add or remove flowgates from the Master List.

7. With respect to the second proposed OATT revision, Entergy proposes to revise sections 17.2 and 18.2 of its OATT to allow the owner of a generator, upon written request, to obtain the identity of the transmission customer requesting service from that generating facility.⁹ Entergy states that this tariff revision is being made to address concerns raised by certain stakeholders (primarily independent power producers) during the stakeholder process that, under the current system, a third-party transmission customer has the ability to reserve transmission service from a generator without a good faith effort or intention to purchase the generator's output. According to Entergy, the effect of this practice has been to limit generators' ability to make power sales because the transmission capacity from their plants has already been reserved by third parties.

⁸ Entergy states that it originally identified over 700,000 flowgates that could potentially exceed 100 percent of their rating during power transfers. Entergy states that recognizing that not all of the flowgates have limited transmission service requests in the past they have identified 300 flowgates that most limited the power over Entergy's system under a variety of operating conditions.

⁹ Entergy notes that while this issue was not one identified in the December 17 Order, it agreed to discuss and consider the issue in the AFC stakeholder process after stakeholders raised the issue.

Entergy states however, that it will not unmask the source and sink information or the identity of the customer requesting transmission service from the generator until such unmasking is warranted under the Commission's regulations.

8. As noted above, Entergy is also providing for informational purposes a revised version of the AFC Manual agreed to as part of the stakeholder process. Specifically, section 9.1 of the AFC manual has been revised to reflect the implementation of four additional hourly power flow models that are randomly selected and represent an hour within a six-hour window of each day (*e.g.*, model 1 represents any hour between hour 0000 and hour 0600, model 2 represents any hour between hour 0700 and 1200 and so on). Entergy notes that it implemented the AFC modifications on the OASIS on June 13, 2005. Entergy also revised section 7.1 of the AFC Manual to reflect the addition of an alternate Scenario Analyzer, which provides customers with AFC results based on confirmed transmission service reservations as opposed to AFC results based on all transmission service requests. Entergy states that it also revised the AFC Manual to include calculations of Participation Factors, revised modeling assumptions to now include 100 percent of counter flows in the AFC calculation on a temporary basis, and a Capacity Benefit Margin value of zero to be used for calculating AFC values. Entergy states that the proposed revisions were also agreed to by the stakeholders. Finally, Entergy states that it is working to expand AFC coordination to other external control areas and that it has arrangements currently with CLECO and the Southwest Power Pool.

C. Notice of Filing and Responsive Pleadings

9. Notice of Entergy's November 4 filing was published in the *Federal Register*, 70 Fed. Reg. 72,815 (2005), with comments, protests and motions to intervene due on or before December 8, 2005. On December 7, 2005, the Louisiana Public Service Commission filed a notice of intervention. On December 8, 2005, the Arkansas Electric Cooperative Corporation filed a timely motion to intervene and Occidental Chemical Corporation (Occidental) filed a timely motion to intervene and protest.

10. On December 13, 2005, the Mississippi Delta Energy Agency, the Clarksdale Public Utilities Commission, and the Public Service Commission of Yazoo City (MDEA Cities) filed a motion to intervene out of time.

11. On December 15, 2005 ConocoPhillips Company (ConocoPhillips) filed a motion to intervene out of time.

12. Occidental does not protest Entergy's proposed OATT revisions. Occidental instead opposes the revisions to Entergy's AFC Manual, which has been filed for informational purposes. The thrust of Occidental's protest is that Entergy's AFC Manual

revisions fail to resolve the fundamental problem of lack of transparency when denying and granting transmission service requests pursuant to the AFC Manual and that Entergy has not provided work papers or other information to customers whose requests for transmission service have been denied. Occidental states that the Commission should reinstate the section 206 investigation and hearing currently being held in abeyance in Docket No. EL05-22-000, to examine Entergy's ability to foreclose competition and block alternative generation resources.

II. Discussion

A. Procedural

13. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2005), the notice of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. We will grant MDEA Cities' and ConocoPhillips' motions to intervene out of time given their interest in this proceeding, the early stage of this proceeding, and the absence of any undue prejudice or delay.

B. Entergy's Proposed Tariff Revisions

14. We will conditionally accept Entergy's proposed revisions to its OATT to be effective January 4, 2006, as requested.

15. We find that, with one exception, Entergy's proposed OATT revisions are consistent with or superior to the existing OATT. We note, however, that Attachment C, section 3, step 2 of the four-step process used to remove flowgates from the Master List simply states that Entergy will derive a subset of flowgates with loading levels "that do not exceed a certain percentage of their rating." We find that this provision lacks the necessary specificity. Accordingly, we direct Entergy to revise step 2 and to submit a compliance filing within 30 days of the date of this order to specify what the "certain percentage" is.

16. Occidental has not raised any issues with respect to Entergy's proposed tariff revisions. Rather, its objections are with respect to certain provisions of the AFC Manual which Entergy submitted for informational purposes only and to outstanding issues in another Commission proceeding (Docket No. EL05-22-000) that are currently being held in abeyance pending the outcome of Entergy's proposal to establish an ICT. Accordingly, we reject Occidental's protest.

The Commission orders:

(A) Entergy's proposed tariff sheets are hereby conditionally accepted for filing effective January 4, 2006, as requested.

(B) Entergy is directed to make a compliance filing within 30 days of the date of this order to specify the percentage in step 2 of its four-step process to remove flowgates from the Master List of Flowgates as discussed in the body of this order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.