

139 FERC ¶ 61,218
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
and Cheryl A. LaFleur.

Transmission Loading Relief Reliability Standard and Curtailment Priorities Docket No. RM10-9-000

ORDER TERMINATING PROCEEDING

(Issued June 14, 2012)

1. On January 21, 2010, the Commission issued a Notice of Inquiry¹ seeking comments regarding whether there are conflicts between the North American Electric Reliability Corporation (NERC) Reliability Standard IRO-006-4 (Reliability Coordination - Transmission Loading Relief (TLR))² and the curtailment priorities set forth in the Commission's *pro forma* Open Access Transmission Tariff (OATT). Comments were filed by sixteen entities, including NERC.³ As discussed below, the Commission terminates the Notice of Inquiry in Docket No. RM10-9-000.

I. Background

2. On December 21, 2007, NERC submitted for Commission approval Reliability Standard IRO-006-4, known as the TLR procedure.⁴ Reliability Standard IRO-006-4

¹ *Transmission Loading Relief Reliability Standard and Curtailment Priorities*, Notice of Inquiry, 130 FERC ¶ 61,033 (2010) (Notice of Inquiry).

² IRO-006-4 was replaced by IRO-006-4.1. *See North American Electric Reliability Corp.*, Docket No. RD09-9 (Dec. 10, 2009) (delegated letter order). IRO-006-5 (Transmission Loading Relief) and IRO-006-EAST-1 (TLR Procedure for the Eastern Interconnection) were approved and IRO-006-4.1 was retired on June 30, 2011. *See North American Electric Reliability Corp.*, 135 FERC ¶ 61,043 (2011).

³ A list of the commenters is provided in Appendix A.

⁴ NERC Petition, Docket No. RM08-7-000.

modified previously-approved Reliability Standard IRO-006-3⁵ and provided an interconnection-wide TLR procedure to be used to prevent or manage potential or actual System Operating Limit (SOL) or Interconnection Reliability Operating Limit (IROL) violations.⁶

3. The NRG Companies filed comments,⁷ asserting that the proposed standard was not consistent with the requirements of the Commission-approved *pro forma* OATT. They asserted that, due to flaws in the Interchange Distribution Calculator (IDC),⁸ firm transactions may be curtailed prior to non-firm transactions, resulting in an OATT violation. They also argued that the IDC does not take native load transactions into account when determining curtailment priority necessary to relieve congestion. Constellation Energy Commodities Group, Inc. (Constellation) filed comments in support of the NRG Companies' comments, arguing that the use of the IDC has resulted in unjust and unduly discriminatory curtailments.

4. On July 21, 2008, the Commission issued Order No. 713, which directed NERC to submit a filing providing an explanation for Requirement 1 and 1.1 of Reliability Standard IRO-006-4.⁹ On March 19, 2009, the Commission approved Reliability

⁵ *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).

⁶ An SOL is the value that satisfies the most limiting of the prescribed operating criteria for a specified system configuration to ensure operation within acceptable reliability criteria. An IROL is a system operating limit that, if violated, could lead to instability, uncontrolled separation, or cascading outages that adversely affect the reliability of the Bulk-Power System. *See* North American Electric Reliability Corp., NERC Glossary of Terms Used in Reliability Standards, *available at* http://www.nerc.com/files/Glossary_12Feb08.pdf.

⁷ NRG Companies Comments, Docket No. RM08-7-000 (filed Jun. 12, 2008).

⁸ The Interchange Distribution Calculator is a mechanism used by the 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. *Id.* at 9.

⁹ *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,

(continued...)

Standard IRO-006-4, in Order No. 713-A, and directed NERC to develop modifications to IRO-006-4 pursuant to section 215(d)(5) of the Federal Power Act (FPA).¹⁰

5. In a request for rehearing of Order No. 713-A, NRG Companies, Electric Power Supply Association (EPSA), and Constellation challenged the approval of Reliability Standard IRO-006-4 on several grounds.¹¹ They asserted that Reliability Standard IRO-006-4 violated the curtailment priorities established in Order Nos. 888¹² and 890¹³ and the Commission-approved *pro forma* OATT by favoring native load transactions over interchange transactions with respect to curtailment priority. Specifically, they asserted that sections 13.6 and 14.7 of the Commission's *pro forma* OATT require that non-firm transmission service be curtailed before firm transmission service, and that firm point-to-point and network integration transmission service customers have an equal priority with the transmission provider's use of the system to deliver Network Resources

130 FERC ¶ 61,032 (2010). The Commission sought clarification of whether the removal and transfer to NAESB of business-related requirements formerly contained in Reliability Standard IRO-006-3 would affect bulk-power system reliability, an issue unrelated to the current proceeding. Order No. 713, 124 FERC ¶ 61,071 at P 50.

¹⁰ 16 U.S.C. § 824o(d)(5) (2006). The modifications relate to the use of the term "alone" in Requirement R1.1 and changes to the Violation Risk Factors for Requirements R1 through R4 to "high," and are not related to the issues discussed in the Notice of Inquiry. *See* Order No. 713-A, 126 FERC ¶ 61,252 at P 36, 59.

¹¹ NRG Companies, EPSA and Constellation, Request for Rehearing, Docket No. RM08-7-002 (filed Apr. 20, 2009).

¹² *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats. & Regs. ¶ 31,036 (1996), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048, *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002).

¹³ *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 ¶ 61,228 (2009), *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

to its native load. They maintained that, because of the Reliability Standard's reliance on the flawed IDC, Reliability Standard IRO-006-4 would instead direct a reliability coordinator to curtail a firm interchange transaction flowing across a constrained flowgate prior to curtailing a non-firm native network load transaction flowing across the same flowgate.

6. The Commission denied the request for rehearing as beyond the scope of the proceeding.¹⁴ However, the Commission issued a Notice of Inquiry in Docket No. RM10-9-000 on January 21, 2010 seeking comment on whether the application of the requirements within Reliability Standard IRO-006-4 is inconsistent with *pro forma* OATT curtailment priorities.

7. Sixteen entities submitted comments in response to the Notice of Inquiry. Most commenters, including NERC, state that there is no inherent conflict between the *pro forma* OATT curtailment procedures and the TLR procedure embodied in Reliability Standard IRO-006-4.¹⁵ Some commenters indicate that individual transmission providers' practices may not comply with the *pro forma* OATT requirements for transmission curtailment priority.¹⁶

II. Discussion

8. The Commission finds, based on the record before us, that the requirements of Reliability Standard IRO-006-04 have not been shown to be in conflict with the curtailment priorities of the *pro forma* OATT. Therefore, the Commission terminates the Notice of Inquiry.

9. However, the Commission notes that the flexibility provided by Reliability Standard IRO-006-4 does not relieve public utility transmission providers of their obligation to comply in all respects with both the Commission's *pro forma* OATT and the approved NERC TLR procedures. We reiterate that sections 13.6 and 14.7 of the *pro forma* OATT require that non-firm transmission service must be curtailed before firm

¹⁴ Order No. 713-B, 130 FERC ¶ 61,032.

¹⁵ See, e.g., EEI Comments at 2; NERC Comments at 12; and Southern Companies Comments at 4.

¹⁶ See, e.g., Basin Electric Comments at 6; DTE Energy Trading Comments at 3; Entergy Comments at 5; EPSA Comments at 11; Lafayette Comments at 4; NRG Companies Comments at 8; SPP Comments at 3; Tri-State Comments at 4-5; Union Power Comments at 10; and Xcel Comments at 11.

transmission services, and firm point-to-point and network integration transmission service customers have an equal priority with the transmission provider's use of the system to deliver Network Resources to its native load. The Commission urges transmission providers to review their practices and the business practices standards currently under development to ensure that they are in compliance with the *pro forma* OATT.

The Commission orders:

The Notice of Inquiry in Docket No. RM10-9-000 is hereby terminated.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

Appendix A: List of Commenters

<u>Short Name or Acronym</u>	<u>Commenter</u>
Basin Electric	Basin Electric Power Cooperative
DTE Energy Trading	DTE Energy Trading, Inc.
EEI	Edison Electric Institute
Entergy	Entergy Services, Inc.
EPSA	Electric Power Supply Association
ISO/RTO Council	Alberta Electric System Operator, California Independent System Operator, Electric Reliability Council of Texas, the Independent Electricity System Operator of Ontario, Inc., ISO New England Inc., Midwest Independent Transmission System Operator, Inc., New York Independent System Operator, Inc., PJM Interconnection, L.L.C., Southwest Power Pool, Inc., and New Brunswick System Operator
Lafayette	Lafayette Utilities System
NAESB	North American Energy Standards Board
NERC	North American Electric Reliability Corporation
NRG Companies	Louisiana Generating LLC, Bayou Cove Peaking Power LLC, Big Cajun I Peaking Power LLC, NRG Sterling Power LLC, and NRG Power Marketing LLC
NYISO	New York Independent System Operator, Inc.
Southern Companies	Southern Company Services, Inc., acting as agent for Alabama Power Company, Georgia Power Company, Gulf Power Company, and Mississippi Power Company

SPP

Southwest Power Pool, Inc.

Tri-State

Tri-State Generation and Transmission
Association, Inc.

Union Power

Union Power Partners, L.P.

Xcel

Xcel Energy Services Inc.