



Technical Conference Regarding Preventing Undue  
Discrimination and Preference in Transmission  
Service (RM05-25-000)

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# Models Do Not Reflect Actual System Operation



- Proper planning is critical to non-discriminatory access.
  - Similarly situated customers are facing dramatically different costs
- Modeling and studies provide opportunities for discrimination.
  - Many assumptions, much discretion
  - Revisions to models and assumptions during the process
  - Difficult to police
- Current method grants priority entitlement to existing generation (not only to load) because reservations are source-specific.
  - Leads to inefficient utilization of the available transmission capacity.
  - Frustrates development of new, efficient generation by non-utility participants.

## Control of Generation Leads to Discrimination in Transmission Access



- Allows participant with most generation (i.e., incumbent utility) to control the system through the dispatch of its own generation.
  - This participant can dispatch and re-dispatch at will.
- Models should, to the extent possible, accurately reflect actual system operation (i.e., economic dispatch).

# Transmission Planning – Geographic Scope



- From a federal regulatory perspective, should optimize regional generation and load:
  - Multi-state
  - Minimally, the NERC Reliability region
  - Optimally, Eastern or Western interconnects
- Must address seams issues.
- Efficient planning must and should occur across regions.

# Criteria For Transmission Planning



- Need to optimize generation and transmission over a range of projected operational conditions and load levels.
  - Peak load studies are not sufficient to predict the economic aspects of congestion because congestion cost is a function of magnitude, re-dispatch cost, and duration.
- Congestion should be measured using a transmission constrained production costing model and security-constrained economic dispatch.
- System-wide congestion studies should be conducted annually for at least five years out.

# Criteria For Transmission Planning



- Regional system plan should be predicated not only on reliability, but also the net economic benefits of relieving congestion.
- Creation of a balancing market is critical:
  - Parties should be free to supply their own energy, bilaterally contract, etc. -- this is not forced purchasing.
  - Parties should pay for congestion that they cause.
- NERC and FERC OATT planning horizons should be consistent with each other.
  - NERC planning models include planned system upgrades.
  - FERC OATT planning models often exclude the same planned upgrades.

# Independence in the Planning Process



- Biases and access to information have not been addressed by Order 888 due to “shared-services” and inherent self (affiliate) interest -- separation of functions does not preclude furtherance of overall corporate objectives.
- Independent administration of the planning process with full expertise and authority to execute the process in a non-discriminatory manner lends credibility and objectivity.
- System models should be readily available to all market participants to ensure fair and transparent access.
  - Limiting access to confidential information deemed critical to energy infrastructure is important.
  - However, it should not preclude access by legitimate market participants.