

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;  
Nora Mead Brownell, and Joseph T. Kelliher.

Entergy Services, Inc.

Docket Nos. ER03-1272-000  
ER03-1272-001

ORDER ON AVAILABLE FLOWGATE CAPABILITY FILING

(Issued February 11, 2004)

1. In this order, the Commission accepts and suspends for a nominal period, subject to further review and a further order, proposed revised tariff sheets<sup>1</sup> to implement an Available Flowgate Capability (AFC) proposal filed by Entergy Services, Inc.,<sup>2</sup> to become effective on April 1, 2004, as requested, subject to the modifications discussed in the body of this order. The proposed AFC procedure will replace Entergy's current method of evaluating short-term transmission service requests, which uses Available Transfer Capability (ATC) values and Generator Operator Limits (GOL) to determine when, and if, a transmission customer may acquire short-term transmission service. The proposed tariff revisions, as modified, appear to be consistent with or superior to Entergy's OATT. As discussed more fully below, we are requiring Entergy to file revised tariff sheets in a compliance filing. Therefore, we will suspend Entergy's filing for a nominal period subject to further review and a further order after an opportunity to review the compliance filing. This order benefits customers because it will permit Entergy to implement a methodology for evaluating short-term transmission service requests that is generally supported by intervenors and that appears to be superior to Entergy's current procedures.

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<sup>1</sup> See Appendix for a list of the tariff sheets.

<sup>2</sup> The filing was made by Entergy Services, Inc. on behalf of the Entergy Operating Companies, which include Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc. and Entergy New Orleans, Inc.

## I. BACKGROUND

### A. Current Procedures: ATC/GOL

2. Entergy states that it currently evaluates requests for short-term transmission service<sup>3</sup> by conducting two assessments of transfer capability that do not involve a transaction-specific System Impact Study.<sup>4</sup> First, Entergy determines the ATC by measuring the transfer capability between control areas over regional transmission facilities.<sup>5</sup> Entergy posts ATC values for each control area interface it shares with a directly interconnected control area.

3. Next, Entergy calculates the GOLs, which measure transfer capability over local transmission facilities for each generator within the Entergy control area.<sup>6</sup> Entergy currently uses a Directional GOL procedure that calculates transfer capability for short-term firm point-to-point transmission service requests to Entergy's interfaces with other control areas.<sup>7</sup> Entergy also uses an Internal GOL procedure that is designed for

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<sup>3</sup> Entergy states that, for purposes of this filing, "short-term transmission service" includes: (1) firm and non-firm point-to-point transmission service for less than one year; (2) requests by existing network customers to designate new network resources for a period of less than one year; and (3) requests by existing network customers to designate secondary (non-firm) resources for any duration.

<sup>4</sup> The System Impact Study process provides a flow-based, source-to-sink analysis of the actual transmission service request at issue and is more time-consuming than the methods Entergy proposes here.

<sup>5</sup> Entergy's ATC calculation methodology, which is in Attachment C to its OATT, was approved in *American Electric Power Service Corp*, 78 FERC ¶ 61,070 at 61,269 (1997), order on reh'g, *Carolina Power & Light Co., et al.*, 82 FERC ¶ 61,204 (1998).

<sup>6</sup> The GOL procedure, which is contained in Attachment Q to the Entergy OATT, is intended to address local transmission constraints on Entergy's transmission system and to provide a process for generators to participate in short-term bulk power markets without first submitting each proposed transaction for a System Impact Study.

<sup>7</sup> The Directional GOL procedure was accepted in *Entergy Services, Inc.*, 102 FERC ¶ 61,282 (2003), order on reh'g, 103 FERC ¶ 61,271 (2003).

short-term network and firm point-to-point transmission service within Entergy's control area.<sup>8</sup>

4. If the ATC and GOL calculations indicate that transfer capability is unavailable, a customer can ask Entergy to perform a System Impact Study or to use Entergy's knowledge of its system to determine whether to grant the requested service.

### **B. AFC Proposal**

5. Entergy now proposes to replace both its ATC and GOL methodologies with an AFC methodology, a flow-based methodology for calculating transfer capability and evaluating short-term transmission service requests that fall within an 18-month horizon. All other transmission service requests – including short-term transmission service requests that fall outside of the 18-month horizon – will be evaluated using a transaction-specific System Impact Study. Entergy states that its proposal is based on similar proposals that have been adopted by Southwest Power Pool, Inc. (SPP)<sup>9</sup> and Midwest Independent Transmission System Operator Corporation (MISO).<sup>10</sup>

6. Under the AFC process, Entergy will evaluate short-term transmission service requests by monitoring the effect of new service requests on approximately 500 specified transmission facilities, referred to as “flowgates.”<sup>11</sup> For each flowgate, Entergy will calculate an AFC value that represents the amount of transfer capability over that flowgate that is available for transmission service beyond the existing uses of Entergy's

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<sup>8</sup> The Internal GOL procedure was accepted in *Entergy Services, Inc.*, 103 FERC ¶ 61,270 (2003).

<sup>9</sup> Citing Southwest Power Pool, Inc., 89 FERC ¶ 61,284 (1999), order on reh'g, 98 FERC ¶ 61,038 (2002), aff'd in part and remanded in part sub nom. *East Texas Electric Cooperative, Inc., et al. v. FERC*, 331 F.3d 131 (D.C. Cir. 2003).

<sup>10</sup> Citing Midwest Independent Transmission System Corp., 98 FERC ¶ 61,075 (2002), order on reh'g, 99 FERC ¶ 61,198 (2002).

<sup>11</sup> A flowgate represents a constrained transmission facility that may experience loading during a power transfer. It can be composed of a single or group of transmission elements, such as lines, transformers and phase shifters. See Entergy's August 29, 2003 filing, Attachment C, testimony of Mark F. McCulla at 21.

transmission system, referred to as “base flows.”<sup>12</sup> Based on this, Entergy will determine AFC values for each flowgate during three time periods: (1) the Operating Horizon (Day 1 to Day 2); (2) the Planning Horizon (Day 2 to Day 31); and (3) the Study Horizon (Month 2 to Month 18). Entergy states that it will use other planning models to calculate monthly Firm and Non-Firm AFC values at least once every month. Response Factors<sup>13</sup> applicable to the various horizons will be updated the same way.

7. As requests for short-term transmission service are submitted on Entergy’s OASIS during the hour, Entergy will automatically process those requests using AFC values and Response Factors. Response Factors will be applied to determine the effect of a proposed transmission service request on the relevant AFC values. Entergy will calculate Response Factors for: (1) each generator directly interconnected to its system; (2) other generators that are close to its system, as needed; and (3) control areas directly interconnected to the system, as needed.<sup>14</sup> If the Response Factor indicates that the effect of the transmission service request does not exceed the AFC value on all relevant flowgates, Entergy will grant the request.

8. If the AFC process indicates that transmission service is not available, Entergy will conduct System Impact Studies if requested by a transmission customer.<sup>15</sup> Entergy states that these System Impact Studies will be focused on system upgrades because the AFC process will already provide source-to-sink analysis based on the most up-to-date information available.

9. Entergy maintains that a flow-based methodology offers significant benefits for both Entergy and its customers, including: (1) the evaluation of service requests based on the expected effects of such requests on specified transmission facilities; (2) more

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<sup>12</sup> Base flow is the expected power flow through a flowgate in a time period with all the pertinent flows included in the power flow base case. See Entergy’s August 29, 2003 filing, Attachment C, testimony of Mark F. McCulla at 22-24.

<sup>13</sup> Response Factors measure the effect a transaction would have on constrained facilities. See proposed First Revised Sheet No. 165.

<sup>14</sup> “As needed” refers to situations where a border generator has a specific impact on Entergy’s system or where a transaction sources or sinks in a non-Entergy control area. See Entergy’s November 12, 2003 response to staff deficiency letter at 5.

<sup>15</sup> See Entergy’s August 29, 2003 filing, Attachment C, testimony of Mark F. McCulla at 30.

detailed and specific transfer capability determinations that are based on power flows from specific generators, rather than control areas; (3) the use of frequently updated data that are derived from either real-time or near-term system conditions; and (4) improved opportunities for regional coordination of transfer calculations. Regarding the latter benefit, Entergy states that with its initial implementation of the AFC process, it will coordinate its flow-based calculation process with other transmission providers by exchanging system data and calculated AFCs. This will allow the sharing parties to account for parallel path flows associated with transactions on other systems.

10. Entergy states that it will install two new computer systems (the OASIS Automation and Response Factor Calculator programs) to perform the necessary calculations and to automate the most time consuming aspects of calculating transfer capability and evaluating the short-term transmission service requests. Entergy's long-term transmission service requests (requests for one year or more) will continue to be evaluated using transaction-specific System Impact Studies.

11. Entergy submitted a revised Attachment C to its OATT that describes the AFC process. It proposes to delete Attachment Q of its OATT, since the GOL methodology described therein will be replaced. In addition, Entergy proposes to modify Sections 17.1 and 30.2 to reflect the fact that the expedited procedures for evaluating short-term transmission service requests will be in Attachment C.<sup>16</sup>

12. Entergy requests a waiver of 18 C.F.R. § 35.3(a) (2003) which provides that filings shall not be made more than 120 days before service is to begin, to permit an effective date of April 1, 2004. Entergy states that although its proposed effective date is more than 120 days from the date of the filing, good cause exists for waiver of the notice requirements. It is seeking Commission approval well in advance of the proposed effective date to ensure that the regulatory process is completed in enough time to implement and test the AFC process before the peak 2004 summer season. Moreover, an April 1, 2004 effective date will allow Entergy and its transmission customers to gain experience and become familiar with the AFC process before the summer.

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<sup>16</sup> Revised tariff sheets are listed in the Appendix.

### **C. Supplemental Filing (Docket No. ER03-1272-001)**

13. On October 22, 2003, Commission Staff issued a deficiency letter to Entergy requesting that Entergy provide additional information (Staff deficiency letter).<sup>17</sup> On November 12, 2003, in Docket No. ER03-1272-001, Entergy filed additional information that responded to all items of concern in the Staff deficiency letter.

### **D. Technical Conference**

14. In an order issued in the GOL proceedings,<sup>18</sup> the Commission directed Staff to convene a technical conference to evaluate the market implications of Entergy's GOL procedures. In addition, in an order addressing Entergy's Petition for Declaratory Order seeking guidance on its proposed Weekly Procurement Process (WPP),<sup>19</sup> the Commission directed Staff to explore the relationship between Entergy's WPP, its AFC Proposal and its GOL process. Pursuant to those orders, on December 8-9, 2003, Commission Staff held such a conference to explore these issues and how they might be affected by the then-proposed SeTrans RTO.<sup>20</sup> After the technical conference, parties filed comments and reply comments.

## **II. NOTICES AND RESPONSIVE PLEADINGS**

15. Notice of Entergy's AFC filing was published in the Federal Register, 68 Fed. Reg. 54,221 (2003), with comments, interventions and protests due on or before September 19, 2003.<sup>21</sup>

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<sup>17</sup> See October 22, 2003 letter from Steve P. Rodgers, Director, Division of Tariffs and Market Development – South.

<sup>18</sup> Entergy Services, Inc., 102 FERC ¶ 61,281 at 61,904 (2003).

<sup>19</sup> Entergy Services, Inc., 104 FERC ¶ 61,336 at 62,262 (2003).

<sup>20</sup> The SeTrans RTO sponsors later announced that they were no longer pursuing establishment of SeTrans. See December 5, 2003 letter to Chairman Wood in Docket No. EL02-101-000.

<sup>21</sup> On September 17, 2003, the Office of the Secretary issued a Notice of Emergency Procedures due to Hurricane Isabel stating that if parties were unable to timely file their motions because of the eFiling system outage, the Commission would consider motions to accept the filings.

16. On September 11, 2003 ConocoPhillips Company filed a motion to intervene. On September 18, 2003, Reliant Resources, Inc. (Reliant),<sup>22</sup> and Cleco Power LLC filed motions to intervene. On September 22, 2003, Sempra Energy Resources filed a motion to intervene; Tenaska Power Services, Co. (Tenaska), and Williams Power Company, Inc. (Williams), filed motions to intervene and accept intervention as timely; and Arkansas Public Service Commission (Arkansas PSC) filed a motion to accept intervention as timely and notice of intervention. Motions to intervene out of time were filed by Brazos Electric Power Cooperative, Inc., and Louisiana Public Service Commission.

17. On September 17, 2003, Tractebel Energy Marketing, Inc. (Tractebel) filed a motion to intervene and comment. On September 22, 2003, motions to intervene and comment were filed by Dynegy Power Marketing, Inc. and Calcasieu Power, LLC (collectively, Dynegy), TECO Power Services, Corporation (TECO), and Cottonwood Energy, L.P. and InterGen Services, Inc., (collectively, InterGen). On September 22, 2003, Arkansas Electric Cooperative Corporation (AECC) filed a motion to intervene and comments and a motion to accept the intervention as timely, and Calpine Corporation (Calpine) filed a motion to intervene and accept intervention as timely and a request for extension of time to file comments. On September 22, 2003, a motion to intervene and protest was filed by Duke Energy North America, LLC and Duke Energy Trading and Marketing, L.L.C. (collectively, Duke). On September 22, 2003, NRG Energy, Inc. (NRG) filed a motion to intervene and to accept the intervention as timely and protest.

18. On October 7, 2003, Entergy filed an answer responding to the intervenors' comments and protests.<sup>23</sup>

19. Notice of Entergy's November 12, 2003 filing in Docket No. ER03-1272-001 was published in the Federal Register, 68 Fed. Reg. 66,407 (2003), with comments, interventions and protests due on or before November 26, 2003.

20. On November 21, 2003, Strategic Energy, LLC filed a motion to intervene. On November 24, 2003, Dominion Virginia Power filed a motion to intervene.

21. Notice of the technical conference was issued on November 7, 2003. A supplemental notice with the conference agenda was published in the Federal Register,

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<sup>22</sup> Reliant filed supplemental comments on September 22, 2003.

<sup>23</sup> Entergy mistakenly filed its answer in Docket No. ER02-2014-000 and submitted a letter on October 8, 2003 to correct the designation.

68 Fed. Reg. 67,671 (2003). An errata notice to correct a docket number was issued on December 2, 2003.

22. Following the technical conference, initial comments were filed by Duke, Reliant, TECO, Calpine, Tractebel, InterGen, and NRG. Reply comments were filed by Lafayette Utilities System (Lafayette)<sup>24</sup> and Entergy.

### **III. DISCUSSION**

#### **A. Procedural Matters**

23. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2003), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Moreover, we will grant the motions to consider the intervention filed by AECC, Arkansas PSC, Tenaska, Williams, Calpine and NRG as timely filed.<sup>25</sup> In addition, we will grant the late motions to intervene, given the parties' interest in this proceeding, the early stage of the proceeding and the absence of any undue prejudice and delay. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. §385.213(a)(2) (2003), prohibits an answer to a protest or to an answer unless otherwise ordered by the decisional authority. We will accept Entergy's answer because it has provided information that assisted us in our decision-making process.

#### **B. Analysis**

24. In general, intervenors agree that, if implemented properly, Entergy's proposed AFC process will be an improvement over its current ATC/GOL process. While some intervenors would prefer that implementation be slowed down to ensure that the process works well before it is imposed on transmission customers, most intervenors appear to

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<sup>24</sup> Lafayette argues that even if the AFC process results in some improvements over GOL, it is no substitute for a fully functional Order 2000-compliant RTO (at 2). We note that while Lafayette is a party to the proceeding in Docket No. EL02-101-000, it has not filed a motion to intervene in the docket at hand. Pursuant to Rule 211 of the Commission's Rules of Practice and Procedure, 18 C.F.R. 385.211, its protest will be considered in determining the appropriate action to be taken, but will not make Lafayette a party to this case.

<sup>25</sup> See supra note 18.

accept Entergy's proposed plan to implement the procedure by April 1, 2004 to ensure that it is operational in time for the coming summer peak period.

25. Entergy's proposed AFC methodology appears to be an improvement over its current GOL procedure. It should provide a more detailed, and virtually instantaneous, source-to-sink analysis, which was previously available only as a part of a transaction-specific System Impact Study under the GOL methodology. The AFC methodology will improve the accuracy of calculations of transfer capability by evaluating power flows based on the expected effect of proposed transmission service on significantly affected flow gates, rather than on the contract path. Furthermore, under the GOL methodology, Entergy has limited ability to determine the effect of the proposed transmission service on other paths. In contrast, the AFC procedure uses information that is either real time or is frequently updated, so it uses the most accurate information available. Moreover, GOL values are updated on a daily basis, while under the AFC process, the base case model will be updated hourly in the Operating Horizon (Day 1 to Day 2) and at least every eight hours for the first seven days of the Planning Horizon. This frequent updating will reflect the nearly real-time operating conditions as much as reasonably possible at this time. Finally, because of the frequent updating of system data, the AFC process will enable the parties to evaluate the simultaneous effects of multiple reservations, even when those reservations do not involve the same contract path. In comparison, under the GOL procedure, the transmission customer was limited to the lowest GOL of multiple reservations.

26. Our preliminary analysis of Entergy's proposed AFC methodology indicates that it has not been shown to be just and reasonable; it may be unjust, unreasonable, unduly discriminatory or preferential or otherwise unlawful. However, the AFC approach, if modified as discussed below, appears to be consistent with or superior to Entergy's OATT. Therefore, we will accept for filing Entergy's proposed revised tariff sheets so that it may implement the AFC process on April 1, 2004, and suspend them for a nominal period, subject to the modifications discussed below.

### **1. Independence**

27. Several intervenors argue that the AFC process provides Entergy with too much discretion and opportunity to discriminate. In light of the dissolution of the SeTrans RTO effort, they argue, the Commission should require Entergy to turn over the implementation or oversight of the AFC process to an independent entity before, or

shortly after, the process becomes effective.<sup>26</sup> They contend that placing an independent entity in charge of implementing the AFC process would reassure transmission customers of a fair and level playing field. Moreover, several parties urge the Commission to again require Entergy to turn control over the administration of its OASIS to an independent entity now, as the Commission directed Entergy to do in the SMA proceeding.<sup>27</sup>

28. Entergy responds that it is not seeking any more discretion in its AFC process than the Commission currently allows it for the GOL process or grants other utilities in calculating ATC values.<sup>28</sup> At the same time, however, Entergy states that it is willing to consider independent oversight of the AFC process and other transmission operations. It states that it is evaluating alternatives to the SeTrans RTO and anticipates filing a conceptual description shortly, with a possible Section 205 filing in the following months.<sup>29</sup> However, Entergy states, consideration of such a proposal should be considered in a separate proceeding apart from the AFC process.

29. The Commission will deny the intervenors' request to require Entergy to turn over implementation and oversight of the AFC process to an independent party at this time. However, the Commission is concerned that the AFC proposal is not sufficiently transparent and could allow Entergy to discriminate in favor of its generators when assigning transmission service. Accordingly, as detailed more fully below, in order to ensure that transmission service will be provided in a nondiscriminatory manner, we will require Entergy to take certain measures to make the process more transparent. We believe that these changes will give Entergy's transmission customers access to sufficient information to be able to examine the integrity of the process.

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<sup>26</sup> See, e.g., post-technical conference comments of InterGen at 3-6; NRG at 8-9 and Lafayette at 4-5.

<sup>27</sup> AEP Power Marketing, Inc., et al., 97 FERC ¶ 61,219 at 61,973 (2001), reh'g pending (Supply Margin Assessment Screen (SMA) Proceeding).

<sup>28</sup> See, Entergy's post-technical conference comments at 16.

<sup>29</sup> On January 12, 2004, Entergy submitted a letter to the Commission stating its intent to voluntarily file, on or before March 31, 2004, under Section 205 a proposal to create an independent transmission entity to oversee the provision of transmission service on the Entergy system. The Commission will have an opportunity, in that proceeding, to further examine the issue of independent oversight of the AFC process.

30. We direct Entergy to continue its evaluation of independent oversight of the AFC process and other transmission operations as an alternative to the recently suspended SeTrans RTO initiative.

## 2. OATT v. OASIS

31. Intervenors generally argue that details of the AFC process should be set forth in Entergy's OATT to ensure that changes are subject to Commission review and approval, rather than posted on Entergy's OASIS as "business practices," as proposed by Entergy. Aspects that commenters believe should be in the OATT include: (1) the method and criteria for determining counterflows; (2) the bases for line flow ratings; (3) the criteria for determining monitored flowgates and adding/removing flowgates over time; (4) the Response Factor thresholds; (5) the treatment of transmission upgrades; and (6) the actual list of flowgates.

32. Entergy responds that it needs the flexibility to revise certain aspects quickly without going through a Section 205 review. Entergy argues that the Federal Power Act (FPA) does not require utilities to file business practices or operating procedures with the Commission, nor has the Commission required all details of ATC calculations to be included in utilities' tariffs. Entergy further argues that its filing is based on, and contains a level of detail commensurate with, similar proposals filed by SPP and MISO that have been approved by the Commission.<sup>30</sup> However, it proposes to codify in its OATT the obligation to keep the AFC business practices posted on OASIS and to publicly post notice of any proposed changes before implementing them. Specifically, Entergy proposes to add the following language to the end of Section 1 of Attachment C:

The Transmission Provider shall publicly-post [sic] on OASIS a further description of its calculation methodology for evaluating ATC under this Attachment C. The business practices shall include, at a minimum: (1) the percentage used for the Response Factor threshold referenced in Section 3 of this Attachment C; (2) the percentage of counterflows applied in calculating constrained facility AFC; (3) the criteria used for determining which transmission facilities will be monitored; and (4) the list of transmission facilities currently

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<sup>30</sup> See Southwest Power Pool, Inc., 89 FERC ¶ 61,284 (1999), order on reh'g, 98 FERC ¶ 61,038 (2002), aff'd in part and remanded in part sub nom. East Texas Electric Cooperative, Inc. et al. v. FERC, 331 F.3d 131 (D.C. Cir. 2003); Midwest Independent Transmission System Corp., 98 FERC ¶ 61,075 (2002), order on reh'g, 99 FERC ¶ 61,198 (2002).

monitored by the Transmission Provider. The business practice practices [sic] shall not conflict with the provisions of this Attachment C. To the extent the Transmission Provider changes the business practices, notice of such a change must be publicly posted on OASIS prior to taking effect. The provisions of this Attachment C may not be modified without a filing with the FERC.<sup>31</sup>

Entergy maintains that this is consistent with Section 205 and Commission precedent and balances flexibility, discretion and transparency.

33. We find that the AFC proposal is not sufficiently transparent, could allow Entergy to discriminate, and provides Entergy, a vertically integrated utility, with too much discretion to change AFC practices without sufficient Commission oversight and review. We remind Entergy that it must implement its business practices consistent with its Commission-accepted OATT and must comply with our “rule of reason” policy regarding filing requirements under Section 205 of the FPA.<sup>32</sup> The details of the AFC proposal are practices that affect the terms and conditions of service significantly and therefore, under the Commission’s “rule of reason” policy, must be filed under Section 205 of the FPA. Consequently, we will require Entergy to file revised tariff sheets to provide more specific details regarding the following aspects of its AFC proposal: (1) the specific criteria used to identify the flowgates that Entergy will monitor; (2) the criteria and procedures for adding or delisting flowgates; (3) the method that will be used to evaluate the percent of counterflows to use in the power flow model; (4) the response factor threshold and the criteria for modifications to the threshold; and (5) the bases for the transmission line ratings.

34. Entergy has proposed to include certain specific engineering data and assumptions, such as the list of identified flowgates on its OASIS.<sup>33</sup> In addition, at the technical conference,<sup>34</sup> Entergy stated that they would be amenable to providing the

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<sup>31</sup> Entergy post-technical conference comments at 8-9.

<sup>32</sup> See, e.g., Prior Notice and Filing Requirements Under Part II of the Federal Power Act, 64 FERC ¶ 61,139 at 61,986-89, order on reh’g, 65 FERC ¶ 61,081 (1993); Pacific Gas and Electric Co., et al., 80 FERC ¶ 61,128 at 61,423 (1997); Tenaska Power Services Co. v. Midwest Independent Transmission System Operator, Inc., 102 FERC ¶ 61,095 (2003), order on clarification, 103 FERC ¶ 61,049 (2003), order on reh’g, 104 FERC ¶ 61,075 (2003).

<sup>33</sup> See Transcript of December 8, 2003 Technical Conference at 90.

<sup>34</sup> See Transcript of December 8, 2003 Technical Conference at 158-160.

power flow cases and unit-specific supporting input files that would be downloadable from OASIS for both the real-time AFC database and longer-term planning monthly databases in a common text exchange power flow format. We direct Entergy to provide this information on its OASIS.<sup>35</sup> Entergy must make database updates when system changes have altered AFC calculations by a substantive amount.

35. In order to provide needed transparency to the market, Entergy must describe any operating and reliability assumptions that influence its modeling. This posting should include, but is not limited to, any transmission margins existing in AFC power flow cases. An example of such a posting could include a specific description or calculation of an uncertainty that is used as a margin in the AFC calculation.

36. In addition, Entergy must post on its OASIS a clear and comprehensive manual on how to use its AFC process.

### **3. Insufficient Detail**

37. Certain intervenors argue that Entergy has not provided sufficient detail, particularly on the process and aspects of the business practices associated with the AFC proposal. Duke, for example, argues that it cannot assess the reasonableness of Entergy's counterflow methodology because sufficient details have not been provided.

38. Entergy responds that it will provide parties with a draft of its business practices -- including the technical specifications -- by the first week in February 2004.<sup>36</sup> After an opportunity for comments, Entergy states it will finalize the business practices and submit them to the Commission as an informational filing or as part of its compliance filing to implement tariff changes.

39. The Commission will accept Entergy's timeline for providing final details of its proposal. However, as discussed above, certain aspects of the so-called business practices must be included in Entergy's OATT and will, therefore, be the subject of a compliance filing, subject to Commission review.

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<sup>35</sup> Entergy should make this available on a password-protected Internet site.

<sup>36</sup> Entergy post-technical conference reply at 9.

#### **4. Information on Service Denials**

40. TECO argues that when service is denied, Entergy should provide more than the identity of the constraining flowgates. The information provided should allow the cause of the denial to be evaluated, not just identified. TECO further argues that Entergy should also include information on the potential for redispatch so that a customer can know whether it should request a System Impact Study.

41. Entergy responds that its OATT already requires it to submit workpapers to customers if requested. Also, Entergy states that it has no way to determine whether redispatch is available without a System Impact Study.<sup>37</sup>

42. Entergy's reply is unresponsive to the issue raised. Entergy refers to Sections 15.2 (Determination of Available Transmission Capacity) and 19.3 (System Impact Study Procedures) of its OATT which require Entergy to supply a copy of workpapers to a transmission customer pursuant to a System Impact Study request. We direct Entergy to revise its OATT to provide, upon request, workpapers explaining the reasons for a denial of a transmission service request under the AFC process.

43. We will deny TECO's request to require Entergy to include information on the potential for redispatch absent a SIS. In our June 4, 2003 Order on Rehearing in the GOL proceeding, we agreed with Entergy, that under its OATT, it is not required to investigate redispatch alternatives for new transmission requests unless a SIS has been requested by a transmission customer.<sup>38</sup>

44. In addition, in its compliance filing, Entergy must provide the Commission with an evaluation of alternative procedures by which it could provide customers with the information necessary for them to assess the reasons for transmission requests being denied. This should include the option of developing an automated procedure that would serve this purpose.

#### **5. Time for Implementation**

45. Commenters question whether the AFC process can be implemented before summer of 2004. They express concern that the software is not sufficiently developed.

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<sup>37</sup> Entergy post-technical conference reply at 18.

<sup>38</sup> 103 FERC ¶61,271 at P 16 (2003).

Some argue that implementation should be delayed until Entergy provides additional detail on the business practices and has an independent entity perform the calculations.<sup>39</sup>

46. Entergy responds that the commenters misunderstood the discussion at the technical conference. It states that it is on schedule to test the AFC software and train its staff in January 2004, with customer training planned for February 2004 and market trials in March 2004. Entergy says that it has provided sufficient detail for the Commission to approve the AFC proposal and that independent oversight is unnecessary.

47. The Commission will accept Entergy's proposed schedule. Entergy states that the necessary software and systems are in place and that there will be time for its transmission customers to learn how to use the system before the peak summer period. Further, Entergy states that, if unexpected problems affecting the reliability of the process arise, it will notify the Commission and continue the GOL process in the interim. If that happens, the Commission will reevaluate the timing of the AFC implementation.

## **6. Compliance with Order No. 889**

48. Entergy states that its AFC methodology not only meets, but exceeds, the Commission's minimum posting requirements for ATC/TTC values set forth in Order No. 889. Order No. 889 requires that ATC/TTC information be posted on OASIS for each posted path, which includes control area-to-control area interconnections and other paths if service is curtailed or if posting is requested by a transmission customer. Entergy argues that its flow-based AFC methodology with the Scenario Analyzer, allows a customer to query as to the availability of transfer capability without having to submit an actual service request, so it is the functional equivalent of posting ATC contract-path ATC/TTC values on OASIS. Entergy states that the AFC methodology actually exceeds the mandates of Order No. 889 by: (1) effectively "posting" transfer capability on all paths across Entergy's control area, instead of just certain posted paths; (2) posting firm ATC/TTC values for an eighteen-month period instead of the required thirteen months; (3) updating ATC/TTC values on a more frequent basis (hourly, in some instances) rather than just when service is reserved or terminated; and (4) providing a before-the-fact measurement of the availability of network service not required by Order No. 889.

49. Also, Entergy states that its ATC methodology meets the requirement of Order No. 889 that the methodology be applied on a non-discriminatory basis and that it

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<sup>39</sup> See, e.g., post-technical conference comments of InterGen at 11, NRG at 6, and Reliant at 2.

conforms to good utility practice by using NERC's established ATC formulas in a manner that is consistent with applicable regional reliability criteria. Entergy also states that the Commission has previously approved AFC-type methodologies filed by MISO and SPP as one of the optimum methods for calculating transfer capability. Entergy argues that its AFC methodology improves on the MISO and SPP methodologies because the response factors measure the effect of transfers from specific generators, as opposed to a zonal basis, as with these other methodologies. Further, Entergy states that its AFC proposal will further the Commission's goal of enhanced regional coordination by exchanging flowgates data, system data and calculated AFC values with other transmission providers.

50. The Commission concludes that Entergy's AFC methodology meets the established minimum posting requirements for transmission capability set forth in Order No. 889.

## **7. Other Issues**

51. TECO requests that the Commission direct Entergy to file a report on Entergy's own use of the transmission system. According to TECO, Entergy's current base case reflects unrealistic use of its own generation and has the effect of reserving transmission capacity for its own generation even when that generation is unlikely to be operated. A base case that more accurately reflects the generation likely to be used to serve Entergy's load would lead to more efficient use of the transmission system. TECO thus requests that the Commission require a report in one year on the availability and use of both Entergy and non-Entergy resources.

52. Entergy responds that TECO wants Entergy to assume some Independent Power Producer (IPP) generation is treated as network resources even when Entergy has no contracts for that capacity. Entergy argues that TECO's approach is inconsistent with the network resource provisions of the OATT<sup>40</sup> and that if the IPP generation assumptions are wrong in real time, Entergy must revert back to its own network resources, and the needed transmission may not be available.

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<sup>40</sup> Citing Entergy OATT Sections 30.1 and 30.7, which require network customers to reserve firm network transmission service for network resources and comply with the requirements for designating new network resources.

53. The Commission agrees with Entergy that TECO's proposed revisions to Entergy's base case would be inconsistent with its OATT provisions as they relate to Entergy's own requirement to designate its network resources for meeting native load.

54. Since Entergy has publicly stated its intent to consider using an LMP (Locational Marginal Price) model in the future, InterGen requests that the Commission order Entergy to submit a report on its plans within the next six months. InterGen states that Entergy's customers have spent considerable money to keep up with Entergy's various short term transmission allocation methodologies over the last few years, going from two versions of GOL and now AFC. Accordingly, InterGen states, it would be desirable if Entergy offered a future roadmap to help its customers plan the use of their time and money.

55. Entergy argues that InterGen's request for a report on Entergy's possible use of LMP is beyond the scope of this proceeding.

56. Within 6 months of the date of this order, we require Entergy to provide a status report on its plans to implement an LMP model, or other congestion management tool, along with its plans to conduct a cost analysis and the projected timeline for pursuing this tool.

57. Finally, under our regulations, waiver is required to file a rate schedule more than 120 days prior to the effective date.<sup>41</sup> We find that good cause exists to grant Entergy's request for waiver of the Commission's 120-day advance notice requirement to permit an effective date of April 1, 2004 for the AFC proposal.

The Commission orders:

(A) Entergy's revised tariff sheets to the Entergy OATT are hereby accepted for filing and suspended for a nominal period subject to further review and further order and subject to the modifications discussed in the body of this order, to become effective on April 1, 2004.

(B) Entergy is hereby directed to submit a compliance filing within 30 days of the date of this order reflecting the modifications discussed in the body of this order.

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<sup>41</sup> See, e.g., PSI Energy, Inc., 56 FERC ¶ 61,237 at 61,911 (1991); Southwest Power Pool, Inc., 90 FERC ¶ 61,140 at 61,422 (2000).

(C) Entergy is hereby directed to submit, in its compliance filing, an evaluation of alternative procedures by which it could provide customers with the information necessary for them to assess the reasons for transmission requests being denied.

(D) Entergy is hereby directed to submit, within 6 months of the date of this order, a status report on its plans to implement an LMP system, or other congestion management tool, along with its plans to conduct a cost analysis and the projected timeline for pursuing this tool.

(E) Entergy's request for waiver of the Commission's notice requirement is hereby granted.

By the Commission. Commissioner Kelly not participating.

( S E A L )

Linda Mitry,  
Acting Secretary.

APPENDIX  
Entergy Services, Inc.  
ER03-1272-000

Revised Tariff Sheets  
To FERC Electric Tariff, Second Revised Volume No. 3  
Accepted and suspended, to be effective April 1, 2004

Second Revised Sheet No. 60  
Second Revised Sheet No. 98  
First Revised Sheet No. 164  
First Revised Sheet No. 165  
First Revised Sheet No. 166  
First Revised Sheet No. 167  
First Revised Sheet No. 168  
First Revised Sheet No. 444  
First Revised Sheet No. 445  
First Revised Sheet No. 446  
First Revised Sheet No. 447  
First Revised Sheet No. 448  
First Revised Sheet No. 449