UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Modification of Interchange and Transmission	**)**	
Loading Relief Reliability Standards; and Electric	**)**	**Docket No. RM08-7-001**
Reliability Organization Interpretation of Specific	**)**	
Requirements of Four Reliability Standards	**)**	

COMMENTS OF THE ISO/RTO COUNCIL

The ISO/RTO Council ("IRC")[1] respectfully submits these joint comments on the *Compliance Filing of the North American Electric Reliability Corporation in Response to Paragraph 50 of Order No. 713 – Modification of Interchange and Transmission Loading Relief Reliability Standards; and Electric Reliability Organization Interpretation of Specific Requirements of Four Reliability Standards*, which was filed with the Federal Energy Regulatory Commission ("Commission") on September 11, 2008.

I. INTRODUCTION

On April 21, 2008, the Commission issued a Notice of Proposed Rulemaking[2] proposing approval of six modified Reliability Standards submitted to the Commission by the North American Electric Reliability Corporation ("NERC"). Of the six proposed, modified Reliability

[1] The IRC is comprised of the Independent System Operator operating as the Alberta Electric System Operator ("AESO"), the California Independent System Operator ("CAISO"), Electric Reliability Council of Texas ("ERCOT"), the Independent Electricity System Operator of Ontario, Inc., ("IESO"), ISO New England, Inc. ("ISO-NE"), Midwest Independent Transmission System Operator, Inc., ("MISO"), New York Independent System Operator, Inc. ("NYISO"), PJM Interconnection, L.L.C. ("PJM"), Southwest Power Pool, Inc. ("SPP"), and New Brunswick System Operator ("NBSO"). The IESO, AESO and NBSO are not subject to the Commission's jurisdiction and their endorsement of these comments does not constitute agreement or acknowledgement that either can be subject to the Commission's jurisdiction. The IRC's mission is to work collaboratively to develop effective processes, tools and standard methods for improving the competitive electricity markets across North America. In fulfilling this mission, it is the IRC's goal to provide a perspective that balances reliability standards with market practices so that each complements the other, thereby resulting in efficient, robust markets that provide competitive and reliable service to customers.

[2] *Modification of Interchange and Transmission Loading Relief Reliability Standards; and Electric Reliability Organization Interpretation of Specific Requirements of Four Reliability Standards*, 122 FERC ¶61,064 (April 21, 2008) ("NOPR").

Standards, five pertained to interchange scheduling and coordination, and one pertained to transmission loading relief procedures.[3] Additionally, the Commission proposed to approve NERC's interpretations of five specific requirements of Commission-approved Reliability Standards.[4] Finally, in a concurring opinion, both Commissioners Kelly and Wellinghoff sought industry input on the issue of the comparable treatment of demand side management ("DSM") or voluntary demand reduction resources and generators under the NERC Transmission Load Relief ("TLR") Procedures Reliability Standard IRO-006-4. Subsequently, on May 16, 2008, the Commission issued a Supplemental Notice of Proposed Rulemaking[5] proposing to approve NERC's modified interpretation of Reliability Standard BAL-005-0 (Automatic Generation Control), Requirement R17.

After review and consideration of the various filed comments submitted in response to the NOPR and Supplemental NOPR, the Commission issued Order No. 713 on July 21, 2008.[6] In relevant part, at Paragraph 50 of the July 21 Order, the Commission directed NERC to provide an explanation regarding Requirements R1 and R1.1 of IRO-006-4 – Reliability Coordination – Transmission Loading Relief Reliability Standard. Specifically, the Commission directed NERC

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[3] Reliability Coordination – Transmission Load Relief Reliability Standard IRO-006-4, Interchange Scheduling Reliability Standards INT-001-3 (Interchange Information), INT-004-2 (Dynamic Interchange Transaction Modifications), INT-005-2 (Interchange Authority Distributes Arranged Interchange), INT-006-2 (Response to Interchange Authority), and INT-008-2 (Interchange Authority Distributes Status).

[4] BAL-001-0 (Real Power Balancing Control Performance), Requirement R1; BAL-003-0 (Frequency Response and Bias), Requirement R3; and, VAR-002-1 (Generator Operation for Maintaining Network Voltage Schedules), Requirements R1 and R2.

[5] *Modification of Interchange and Transmission Loading Relief Reliability Standards; and Electric Reliability Organization Interpretation of Specific Requirements of Four Reliability Standards*, 123 FERC ¶61,184 (May 16, 2008) ("Supplemental NOPR").

[6] *Modification of Interchange and Transmission Loading Relief Reliability Standards; and Electric Reliability Organization Interpretation of Specific Requirements of Four Reliability Standards*, 124 FERC ¶61,071 (July 21, 2008) ("July 21 Order").

to submit a filing which would provide an explanation relative to the claim that TLR procedures alone are an inappropriate and ineffective tool to mitigate an interconnection reliability operating limit ("IROL") exceedance, which was stated in support of Requirements R1 and R1.1 of IRO-006-4.[7] Further, the Commission directed NERC to explain whether Requirements R1 and R1.1only allow the TLR procedure to be continued when already deployed prior to an actual IROL exceedance or, alternatively, whether Requirements R1 and R1.1 allow use of the TLR procedure as a tool to address actual exceedances after they occur.[8]

NERC submitted its Compliance Filing in response to Paragraph 50 of the July 21 Order on September 11, 2008, therein setting forth its recommendations concerning the sequencing between the use of TLR procedures and other measures to address IROL exceedances. On December 4, 2008, the Commission issued a Notice of Filing informing interested parties that comments or protests to NERC's Compliance Filing were due to be submitted on December 22, 2008. The IRC submits these Comments in reply thereto.

II. COMMENTS

At the outset, the IRC clarifies that it generally agrees with the recommendations and findings relative to the sequencing of TLR procedures and other measures utilized to address IROL exceedances as set forth by NERC in its Compliance Filing. Yet, the members of the IRC provide these separate comments because they are uniquely impacted by the NERC standards addressing how a system operator addresses IROL exceedancess.

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7 July 21 Order at P. 50.

8 *Id.*

Section 215(d)(6) of the Energy Policy Act of 2005[9], relating to the implementation of reliability standards, evidences Congress' intent to ensure that reliability standards do not conflict with Commission approved market design utilized by ISOs and RTOs. The members of IRC all use a form of market-based re-dispatch as a tool to manage congestion. Re-dispatch through locational price signals has been continually shown to provide a more reliable, precise and equitable tool to manage congestion than wide-scale of TLRs. As a result, the IRC agrees with what appears to be the overall intent of the Commission's interpretation embodied in Order No. 713 attempting to limit the wide-scale use of TLRs as the congestion management tool of choice when other, more surgical options remain available.

Nevertheless, the IRC believes that FERC's interpretation may attempt to draw too fine a line in "hard wiring" a particular sequence of use of TLRs as compared to other congestion management tools. As NERC's Compliance Filing correctly notes, "… it is impossible to decouple the actions of the previous hour from those of the current hour."[10] As a consequence, the Commission should avoid placing artificial barriers in the sequencing of the use of TLRs. The IRC particularly supports the NERC filing on this point.

Additionally, the IRC supports NERC's statement which prescribes that the TLR process must be continuously supported and reissued on a hourly basis until such time that relief from an IROL exceedance is no longer necessary.[11] However, although the IRC supports NERC's call for greater flexibility in the absolute sequencing of TLRs, the IRC does believe that the intent of

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9 The Energy Policy Act of 2005 (Pub. L. No. 109-58, 119 Stat. 594 (2005).

10 NERC Compliance Filing, p. 2.

11 *Id*. at p. 3.

the Commission's directives, i.e., to ensure that transmission operators use more surgical and market-based tools in lieu of simple dependence on TLR, strikes the right balance.

Unfortunately, NERC's Compliance Filing provides certain vague promises to "improve TLR procedures." On the basis that "much of the industry is heavily invested in TLR," NERC ambiguously states that "[t]o the extent new ways to achieve congestion management are desired by the Commission, NERC believes the industry can develop such options, provided the industry is given ample time and the appropriate regulatory support…to develop them."[12]

These open-ended statements, which lack direction, provide little comfort that these issues will be addressed by NERC in the near future so that the industry can get beyond dependence on TLR as the congestion management tool of choice. The Commission and NERC should address the use of more sophisticated tools in order to address the impacts that loop flow and the lack of transparency in non-RTO regions can have on the management of congestion at the seams. Thus, in approving NERC's Compliance Filing, the Commission should make clear that, although it will not rule out TLR as an option, it should require greater progress by NERC (including the submission of a specific work plan) on development of tools, including IDC improvements, to provide more harmonious congestion management tools that avoid the disconnections which occur when market based congestion management processes interact with neighboring more physical TLR-based congestion management tools.

[12] NERC Compliance Filing, p. 11.

III. CONCLUSION

Wherefore, the IRC requests that the Commission take these Comments into account when considering NERC's Compliance Filing.

Respectfully submitted,

/s/ Craig Glazer
Craig Glazer
Vice President – Federal Government Policy
Robert V. Eckenrod
Counsel
PJM Interconnection, LLC
1200 G Street, N.W. Suite 600
Washington, D.C. 20005

/s/ Stephen G. Kozey
Stephen G. Kozey
Vice President and General Counsel
Midwest Independent Transmission System Operator, Inc.
701 City Center Drive
Carmel, Indiana 46032

/s/ Theodore J. Paradise
Theodore J. Paradise
Senior Regulatory Counsel
ISO New England, Inc.
One Sullivan Road
Holyoke, Massachusetts 01040

/s/ Nancy Saracino
Nancy Saracino
Vice President, General Counsel & Corporate Secretary
Anthony J. Ivancovich
Assistant General Counsel
California Independent System Operator Corporation
151 Blue Ravine Road
Folsom, California 95630

/s/ Robert E. Fernandez
Robert E. Fernandez
Vice President and General Counsel
Elaine Robinson
Director of Regulatory Affairs
New York Independent System Operator, Inc.
290 Washington Avenue Extension
Albany, New York 12203

/s/ Stacey Duckett
Stacey Duckett
General Counsel & Corporate Secretary
Southwest Power Pool
415 North McKinley
#140 Plaza West
Little Rock, Arkansas 72205

/s/ Michael G. Grable
Michael G. Grable
Assistant General Counsel
Electric Reliability Council of Texas
7620 Metro Center Drive
Austin, Texans 78744

/s/ Nicholas Ingman
Nicholas Ingman
Manager, Regulatory Affairs
Independent Electricity System Operator of Ontario
Station A, Box 4474
Toronto, Ontario, M5W 4ES Canada

/s/ Diana Pommen

Diana Pommen
Director Interjurisdictional Affairs
Independent System Operator operating as the Alberta Electric System Operator
Calgary Place
2500 330 – 5th Avenue SW
Calgary, Alberta T2P 0L4 Canada

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