



NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

Princeton Forrestal Village, 116-390 Village Boulevard, Princeton, New Jersey 08540-5731

November 18, 2005

Ms. Rae McQuade
President
North American Energy Standards Board
1301 Fannin, Suite 2350
Houston, Texas 77002

Dear Ms. McQuade:

Recommendation R04013A, "Version 0 Business Practices Standard Development of post-split Version 0 Transmission Loading Relief (TLR) Business Practice Standard"

I am writing to provide comments on behalf of the NERC Operating Committee's Operating Reliability Subcommittee on NAESB Recommendation R04013A, "Version 0 Business Practice Standard Development of post-split Version 0 Transmission Loading Relief (TLR) Business Practice Standard."

At its November 16–17, 2005 meeting, the Operating Reliability Subcommittee agreed to the following:

1. Based on industry comments, as well as its own deliberations, to withdraw its standards authorization request that would remove the business practices from NERC standard IRO-006-0, "Transmission Loading Relief," and
2. To request that the North American Energy Standards Board discontinue developing the complementary business practice standards as described in its Recommendation R04013A, and
3. To request that the NAESB Business Practices Subcommittee work with the Operating Reliability Subcommittee on an on-going basis on all future changes to the TLR Procedure.

History — In August 2004, NERC and NAESB agreed to begin a joint effort to update the Eastern Interconnection TLR Procedure, as reflected in Attachment 1 to reliability standard IRO-006-0, to divide the reliability requirements and business practices, and to incorporate other necessary improvements to the TLR Procedure. In December 2004, NERC and NAESB formed the joint TLR Subcommittee to separate the TLR requirements that are necessary for reliability, as distinguished from those TLR requirements that are business practices, and provide recommendations to the NERC Operating Reliability Subcommittee and NAESB Business Practices Subcommittee.

As a result of the TLR Subcommittee's agreements on July 14, 2005, the Operating Reliability Subcommittee submitted a standards authorization request to remove the business practices from NERC

A New Jersey Nonprofit Corporation

Phone 609-452-8060 ■ Fax 609-452-9550 ■ URL www.nerc.com

standard IRO-006, "Transmission Loading Relief." NERC posted the SAR on August 3, 2005, with comments due on September 2, 2005.

Industry Comments — Of the twelve sets of industry comments that NERC received, six did not believe there was a reliability need for the proposed standard. Many of the comments cited the intimate connection between the curtailment process itself and the business practice rules that govern the curtailment order within that process. While splitting the reliability and business practices is possible, many do not believe it is worth the risks of confusing the system operators, who would need to consult separate standards as they work their way through the various TLR curtailment levels. Based on these comments, the Operating Reliability Subcommittee does not believe sufficient industry support exists to pursue separating the business practices from this reliability standard.

Subcommittee Deliberations — In addition to the industry comments, the subcommittee's own discussions pointed out the complexities of keeping the Interchange Distribution Calculator (IDC) algorithms aligned with the curtailment order business practices and the FERC *pro forma* tariff. This is the responsibility of the NERC Interchange Distribution Calculator Working Group, Distribution Factors Working Group, and the IDC services vendor. The Operating Reliability Subcommittee relies on the expertise of all these groups when contemplating new algorithms, for either reliability or marketplace enhancements, to the TLR Procedure.

* * *

With these considerations in mind, the Operating Reliability Subcommittee decided to withdraw the IRO-006 standards authorization request and, therefore, requests that NAESB discontinue its work on complementary business practice R04013A.

The subcommittee is keenly aware that changes to the TLR procedure must have marketplace consideration and input. Therefore, the subcommittee supports the involvement of NAESB and its Business Practices Subcommittee on all future TLR procedure changes and enhancements. The NERC and NAESB staffs will ensure that the Business Practices Subcommittee, and other NAESB groups whose scope includes aspects of the TLR procedure, are invited to attend all ORS meetings, and that we provide sufficient time for discussion and standards drafting.

The Operating Reliability Subcommittee believes these recommendations will continue to provide the excellent reliability standards and complementary business practices that we need for the TLR procedure to work effectively.

Sincerely,

Kim Warren

Kim Warren
Vice Chairman
Operating Reliability Subcommittee

DMB:sbc

Attachment (Operating Reliability Subcommittee Roster)

Operating Reliability Subcommittee

| | | | |
|----------------------------|--|---|---|
| Chairman | James D. Castle Manager of Customer Relations | New York Independent System Operator 3890 Carman Road Schenectady, New York 12303 | (518) 356-6244 (518) 356-6118 Fx jcastle@ nyiso.com |
| Vice Chairman | Kim Warren Manager Regulatory Affairs | Independent Electricity System Operator 655 Bay Street Suite 410 PO Box 1 Toronto, Ontario M5G 2K4 | (416) 506-2821 Fx kim.warren@ ieso.ca |
| Executive Committee | Garth Arnott Director of Energy Operations | North Carolina Electric Membership Corp. P.O. Box 27306 Raleigh, North Carolina 27611 | (919) 875-3025 (919) 954-1080 Fx garth.arnott@ ncemcs.com |
| Executive Committee | D. Jack Bernhardsen President/Manager | Pacific Northwest Security Coordinator, Inc. 5411 N.E. Highway 99 TO-DITT1-NWSC Vancouver, Washington 98663 | (360) 418-2956 (360) 993-2204 Fx jack@ pnsc-center.com |
| | Daniel R. Boezio Director, Transmission Reliability | American Electric Power 4th Floor P.O. Box 16631 Columbus, Ohio 43216-6631 | (614) 716-6630 (614) 716-6661 Fx drboezio@aep.com |
| | Roger C. Harszy Director of Area Operations | Midwest ISO, Inc. 701 City Center Drive Carmel, Indiana 46032 | (317) 249-5400 (317) 249-5910 Fx rharszy@ midwestiso.org |
| | Anthony Jankowski | W237 N1500 Busse Road Waukesha, Wisconsin 53188-1124 | (262) 544-7117 (262) 544-7099 Fx tony.jankowski@ we-energies.com |
| | Frank J. Koza General Manager, Regional Operations | PJM Interconnection, L.L.C. 955 Jefferson Avenue Valley Forge Corporate Center Norristown, Pennsylvania 19403-2497 | (610) 666-4228 (610) 666-4282 Fx kozaf@pjm.com |
| | Pedro Modia Director, Power Supply | Florida Power & Light Co. 4200 West Flagler Street Room 3400 Miami, Florida 33134 | (305) 442-5246 (305) 442-5022 Fx pedro_modia@ fpl.com |
| | H. Steven Myers Manager of Operations Support | Electric Reliability Council of Texas, Inc. 2705 West Lake Drive Taylor, Texas 76574-2136 | (512) 248-3077 (512) 248-3055 Fx smyers@ercot.com |
| | Lanny D. Nickell Manager, Coordinated Operations | Southwest Power Pool 415 North McKinley Suite 140 Little Rock, Arkansas 72205-3020 | (501) 614-3232 (504) 664-9553 Fx lnickell@spp.org |

Robert D. Priest
Assistant General Manager

Clarksdale Public Utilities Commission
P.O. Box 70
Clarksdale, Mississippi 38614

(662) 627-8402
(662) 627-8403 Fx
priest@
cableone.net

J. Clifford Shepard
Project Manager, Generation

Southern Company Generation
600 North 18th Street
BS-8261
Birmingham, Alabama 35202

(205) 257-6116
(205) 257-5792 Fx
jcshepar@
southernco.com

Gregory P. Stone
Manager, Grid Operations
Engineering

Duke Energy
EC02B
526 S. Church Street
Charlotte, North Carolina 28202

(704) 382-8021
(704) 382-6938 Fx
gpstone@
duke-energy.com

Staff Coordinator

Larry J. Kezele
Manager-Operations Reliability
and Market Services

North American Electric Reliability Council
116-390 Village Boulevard
Princeton, New Jersey 08540-5731

(609) 452-8060
(609) 452-9550 Fx
larry.kezele@
nerc.net