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October 20, 2003

Todd Oncken, Deputy Director  
North American Energy Standards Board  
1301 Fannin  
Suite 2350  
Houston, Texas 77002

Subj.: CenterPoint Energy Comments to the WEQ SRS Initial Standard Review and Analysis Report For NERC Standard 600 Determine Facility Ratings, System Operating Limits, and Transfer Capabilities

Dear Mr. Oncken:

CenterPoint Energy supports the comments of Mr. John Horakh of Conectiv as filed on October 9, 2003. CenterPoint Energy offers the following additional comments.

- 1) NAESB suggests *developing a standard methodology to rate transmission and/or generator facilities*. Standard rating methodologies have already been developed by IEEE and ANSI to rate transmission and substation facilities. However, the input assumptions (ambient temperature, wind speed, wind direction, etc.) vary based upon the judgement of the transmission facility owners. It is appropriate for input assumptions to vary from one owner to the next, reflecting the different environments that the facilities are operated in and the level of risk to the facilities that the owners are willing to bear. The NERC standard, as proposed, correctly accommodates such variations from owner to owner, but requires that each owner rate its own facilities in a documented and consistent manner.
- 2) NAESB suggests *defining standard formats and protocols for communication of facility ratings, operating limits and transfer capability*. CenterPoint Energy believes that FERC Order 889A adequately outlines data exchange formats and protocols to be utilized and that it is not necessary to develop any additional formats or protocols.
- 3) NAESB suggests:
  - A) *developing a standard methodology for determining system operating limits and requiring the publication, to the market, of the methodology used,*
  - B) *developing a standard methodology to determine what portion of the operating limit is being used at any point in time and*
  - C) *developing a standard methodology to determine how the transmission service provider determines the remaining available capability.*

CenterPoint Energy believes that the development of standard methodologies to determine operating limits and available capability is unnecessary because the methods will vary from region to region and will be subject to regional market rules. CenterPoint Energy believes that methodologies should be transparent and available to interested parties. However, caution needs to be exercised when theory meets reality. To the extent reliability concerns occur that were not anticipated when operating and transfer limit

methodologies were developed and disclosed, there must be flexibility to allow for deviations to ensure reliability, with subsequent disclosure of the deviations and rationale behind such deviation.

- 4) NAESB suggests development of a business practice standard to deal with “*curtailments of contracted firm (nonrecallable reserved) electric power transfers*” to prepare for the next contingency. CenterPoint Energy believes that this is not feasible as the method of curtailment will vary due to regional market rules. Indeed, some markets don’t curtail to manage transmission congestion but instead, schedule counter transactions.
- 5) CenterPoint Energy does not believe that NAESB needs to *develop a standard methodology to determine transfer capabilities* but does believe that methodologies for determining transfer capabilities should be publicized to the market, with reasonable provisions for deviations to account for unanticipated reliability concerns. Here again, CenterPoint Energy believes that the methods will vary based on the different regional market rules.
- 6) Regarding “*Discussion Issues for Consideration*” CenterPoint Energy offers the following:

*The SRS identified some concerns regarding development of a NAESB Business Practice Standard to complement the NERC standard.*

  - A) *What level of standardization is possible given the diverse regional and market methodologies and requirements employed today?* CenterPoint Energy does not believe standardization is possible since as regional markets become established, they’ll develop their own unique rules.
  - B) *What level of “granularity” (i.e.- general/broad requirements in a methodology) could a business practice standard be possible?*
  - C) *What information (ratings) should be provided to the marketplace?* CenterPoint Energy believes that critical electric infrastructure and commercially sensitive information should be made available to “market participants” but not the general public while information on methods should be publicly available.
    - 1) *How and when should such information be communicated?*
  - D) *What added value would such a standard provide to the market participants?*
  - E) *Should NAESB set the numerical levels for ATC?* CenterPoint does not believe that NAESB should set numerical levels for ATC.

Very Truly Yours,

**Signed**

Henry S. French  
Commercial Activities  
CenterPoint Energy