

Ed Skiba

From: weqbps-owner@naesb.org on behalf of Pritchard, Alan C [Alan.Pritchard@duke-energy.com]
Sent: Thursday, July 08, 2010 10:10 AM
To: colbym@pjm.com; weqbps@naesb.org
Subject: RE: TPL standards question

Mike:

Thank you for the explanation. It appears that the way things are done in PJM may be quite different from those of us operating under the pro forma OATT.

The definition of the Network Resource Interconnection Service (shown below) explicitly states that this service conveys no transmission service. Based on this definition, the excerpts from section **4.1.2.2 Transmission Delivery Service Implications**, and **4.4 No Transmission Delivery Service** (emphasis added), I do not agree with your statement, "Separate PTP, or NITS service is not necessary for any Network Customer under the Tariff to obtain delivery of energy from a facility under this category." I have not researched your tariff to see if PJM has imputed transmission service to NRIS generators, but it is not universally true that these generators (or purchases sourced from them) are granted firm transmission service without the submission of an application for Network Resource status and a review that transmission capacity is available to designate the resource. Also, it appears that the TPL standards address interconnection studies, not transmission service studies, which may be needed in addition to the interconnection studies. For example, other entities could enter the transmission queue between the time a generator requests NRIS and the purchaser that is naming a PPA with that NRIS generator as a designated Network Resource. Under the pro forma OATT, a network customer may only schedule firm service from a designated Network Resource. Obtaining NRIS does not necessarily mean that additional upgrades will not be required to have a generator interconnected under NRIS designated as a Network Resource. According to FERC Order No. 890-A, paragraph 927,

"We disagree with NorthWestern that a generator interconnected under network resource interconnection service (NRIS) may be designated as a network resource by any customer at any point in time. As the Commission explained in Order No. 2003-A, **NRIS** status does not convey any right to transmit power and does not constitute a reservation of **transmission capacity** to any specific point. The purpose of NRIS is to provide only those network upgrades needed to allow the aggregate of generation in the facility's local area to be delivered to the aggregate of load on the transmission provider's transmission system, such that the output of the generating facility will not be "bottled up" during peak load conditions. As a result, NRIS does not necessarily provide the interconnection customer with the capability to physically deliver the output of its generating facility to any particular load on the system without incurring congestion costs. Requests for delivery service inside the transmission provider's transmission system may require additional studies and upgrades to reduce congestion to acceptable levels."

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Network Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's Transmission System (1) in a manner comparable to that in which the Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the same manner as all other Network Resources. **Network Resource Interconnection Service in and of itself does not convey transmission service.**

Excerpts from **4.1.2.2 Transmission Delivery Service Implications**

Network Resource Interconnection Service allows Interconnection Customer's Large Generating Facility to be designated by any Network Customer under the Tariff on Transmission Provider's Transmission System as a Network Resource, up to the Large Generating Facility's full output, on the same basis as existing Network Resources interconnected to Transmission Provider's Transmission System, and to be studied as a Network Resource on the assumption that such a designation will occur. **Although Network Resource Interconnection Service does not convey a reservation of transmission service,** any Network Customer under the Tariff can **utilize its network service under the Tariff** to obtain delivery of energy from the interconnected Interconnection Customer's Large Generating Facility in the same manner as it accesses other Network Resources.

The provision of Network Integration Transmission Service or firm Point-to-Point Transmission Service may require additional studies and the construction of additional upgrades. Because such studies and upgrades would be associated with a request for delivery service under the Tariff, cost responsibility for the studies and upgrades would be in accordance with FERC's policy for pricing transmission delivery services.

There is no requirement either at the time of study or interconnection, or at any point in the future, **that Interconnection Customer's Large Generating Facility be designated as a Network Resource by a Network Service Customer** under the Tariff or that Interconnection Customer identify a specific buyer (or sink). To the extent a Network Customer does designate the Large Generating Facility as a Network Resource, it must do so pursuant to Transmission Provider's Tariff.

To the extent Interconnection Customer enters into an arrangement for long term transmission service for deliveries from the Large Generating Facility outside Transmission Provider's Transmission System, such request may require additional studies and upgrades in order for Transmission

Provider to grant such request.

4.4 No Transmission Delivery Service. *The execution of this LGIA does not constitute a request for, nor the provision of, any transmission delivery service under Transmission Provider's Tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.*

From: colbym@pjm.com [mailto:colbym@pjm.com]

Sent: Monday, June 28, 2010 2:34 PM

To: Pritchard, Alan C; weqbps@naesb.org

Subject: RE: TPL standards question

In the Generator Prioritization method, the qualification of a generator as having firm service is based on the capability of the system to support delivering the generator's output to the load.

When a generator is interconnected to the grid, an interconnection agreement is executed. Using the FERC standard LGIA for example, there are two options under Scope of Service. One is Energy Resource Interconnection Service, and the second is Network Resource Interconnection Service.

<http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=10104337>

Where separate Point to Point (PTP), or Network Integration Transmission Service (NITS) has not been obtained, delivery is not assured, and the portion of the generator's output designated as the "Energy Resource" is non-firm.

Network Resource Interconnection Service (NRIS) allows the resource to be designated by any Network Customer. Separate PTP, or NITS service is not necessary for any Network Customer under the Tariff to obtain delivery of energy from a facility under this category. Network (and Distribution) upgrades may be necessary as determined by the appropriate studies as stated in the LGIA.

The studies to determine the Network Upgrades listed in the Interconnection Agreements are based on meeting the requirements of the TPL standards. Category A through D is in the Generator Prioritization document. These are on the NERC website incorporated into TPL – 001, 002, 003, and 004. Once these upgrades are constructed and NRIS is granted, the system must be studied periodically and upgrades made as necessary to maintain this level of service. All 4 are germane to the studies to determine that a resource qualifies for NRIS.

This is all part of FERC order 2003. Article 4 Scope of Service of the LGIA addresses transmission service and distinguishing between units that use the system "as available" verses that comparable to firm NITS or PTP service.

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From: weqbps-owner@naesb.org [mailto:weqbps-owner@naesb.org] **On Behalf Of** Pritchard, Alan C

Sent: Friday, June 25, 2010 11:42 AM

To: (weqbps@naesb.org)

Subject: TPL standards question

If I understand the discussion on the Generator Prioritization method today, the Markets are relying on TPL standards to define transmission service assigned to generators within a BA. Could someone provide additional information on this approach to defining transmission capacity? Which of the TPL

standards is germane to this approach? Are there any FERC citations which support this method of allocating transmission capacity to generators?

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