

Ed Skiba

From: Ed Skiba
Sent: Monday, November 22, 2010 6:36 PM
To: Ed Skiba; 'Culliton, James'
Cc: Tom Mallinger; William Phillips; 'Busbin, James Y.'
Subject: RE: Request Response Over the Weekend

James,

Tom, Jim, and I spoke this evening and we are all in agreement with what Tom described in the process below. It is apparent to me that we should set aside some time in next week's BPS meeting to discuss the scenarios on when First to Curtail would/would not apply so that everyone has the same level set.

If I don't talk to you before Thursday, have a great Thanksgiving.

Regards,

Ed

-----Original Message-----

From: Ed Skiba
Sent: Saturday, November 20, 2010 6:01 PM
To: 'Culliton, James'
Cc: Tom Mallinger; William Phillips; 'Busbin, James Y.'
Subject: FW: Request Response Over the Weekend

James,

I asked Tom Mallinger as the SME to respond to your question. See Tom's response below.

Regards,

Ed

-----Original Message-----

From: Tom Mallinger
Sent: Saturday, November 20, 2010 3:27 PM
To: Ed Skiba
Cc: William Phillips
Subject: RE: Request Response Over the Weekend

Ed,

In James' example, he has only two BAs (BA1 and BA2) where no seams agreement exists between them and a constraint exists in BA1. The question posed is whether interchange originating in BA2 would be treated differently using the first-to-curtail approach than a transaction internal to BA1 (either a transaction sourcing and sinking within BA1 or generation-to-load within BA1)? The answer is no.

Since we are only discussing two BAs, the interchange originating in BA2 would have to be sinking in BA1 and must have a transmission service reservation from BA1 before the service can be scheduled. For a constraint on the BA1 system, the IDC would apply the on-the-path rules where all interchange transactions involving BA1 will use a curtailment priority based on the transmission service priority on BA1's system. For example, an interchange

transaction originating in BA2 and sinking in BA1 could have non-firm transmission service in BA2 but will be considered firm by the IDC as long as the transmission service within BA1 is firm. Likewise, an interchange transaction originating in BA2 and sinking in BA1 could have firm transmission service in BA2 but will be considered non-firm by the IDC as long as the transmission service within B1 is non-firm.

The on-the-path rules are applicable here because there is a working assumption that when BA2 sells transmission service originating in BA2 and sinking in BA1, BA2 honors AFCs on their flowgates as well as third party flowgates but not the flowgates that are on the path (BA1 flowgates). The reason BA2 does not honor BA1 flowgates is that the transmission customer still must buy transmission service from BA1 after they buy service from BA2. If BA1 is willing to sell that service by providing some kind of mitigation on their constraint, it does not make sense for BA2 to deny service on their system for a limit on BA1's system when BA1 is willing to provide the service after making other arrangements. The key point is that someone must honor AFCs on BA1's flowgates when buying transmission service to complete the path. In this case, it is when BA1 sells their service and not when BA2 sells their service.

As noted by James, our previous discussions of the first-to-curtail approach always involved three BAs (source BA, sink BA and third party BA that experiences the constraint). The reason for this is that the first-to-curtail approach only applies to parallel flows the third party BA experiences. The parallel flows that the third party BA experiences are generation-to-load from other BAs and interchange transactions between two other BAs that do not involve the third party BA. For the third party BA generation-to-load and for interchange transactions that involve the third party BA as either the source, the sink or a wheel, these are not parallel flows and the first-to-curtail approach does not apply.

Tom

-----Original Message-----

From: James Culliton [mailto:jamesculliton@gmail.com]
Sent: Friday, November 19, 2010 7:27 PM
To: Ed Skiba
Cc: jculliton@naesb.org
Subject: WEQ BPS PFV substantive question

Hi Ed

In the latest of several telephone calls with FERC staffers concerning whether the two-tiered firm curtailment idea would constitute policy setting, and, if so, what process avenues would be open at FERC to those wishing to pursue the policy, that question was again turned back to me to more fully explain the proposal. I believe that I fairly and fully responded to the questions posed, but there was one that gave me pause after I hung up the phone. Here is the question:

If a curtailment is required within BA1, and no seams agreement exists with its neighbor BA2, would BA1's internal be given a higher priority than interchange originating from BA2?

My response was that I did not recall that question being posed in those terms exactly, rather that the related question had been answered where BA3 (with a seams agreement) would be advantaged over BA2 (without) if a curtailment was needed in BA1. I added that under my understanding of the logic involved, that the answer to the above question involving only 2 BAs was YES.

The person with whom I spoke was planning a meeting for early Monday morning, hence my regrettably late call to you today. If I was wrong, please let me know the reasoning/process behind the correct answer so I can pass it along this weekend.

Feel free to call anytime after 7:30am Central if you would prefer to speak rather than respond by email. If I do not hear from you, I will assume that my response was accurate.

Thank you,

--

James Culliton
832.657.6870