



890-A, and 890-B.<sup>3</sup> NOPR at 1. NCEMC files these comments simply to point out to the Commission that NAESB's work is not yet complete, as NAESB has not yet adopted standards addressing what is – from NCEMC's perspective – one of the more critical issues: the coordination of requests across multiple transmission systems. NCEMC urges the Commission to monitor closely NAESB's progress on this issue, including requiring status reports as appropriate.

By way of background, in comments filed in August 2006 in response to the Commission's proposed rule on Open Access reform, TDU Systems (including NCEMC) described the difficulty they have experienced related to the lack of standardized business practices for transmission providers when processing service requests.<sup>4</sup> TDU Systems pointed out the areas of greatest concern: differences in practices related to timing, application requirements, and proof of purchase requirements and explained that these problems are particularly troublesome when customers attempt to schedule transactions that span multiple transmission systems to satisfy their native load on both systems.<sup>5</sup> TDU Systems urged the Commission, at a minimum, to require transmission providers to coordinate responses to service across borders of adjacent systems, noting that some TDU Systems have experienced denials of service because of the differing response times to transmission service requests that span more than one transmission provider's system.<sup>6</sup>

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<sup>3</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 Fed. Reg. 12,266 (March 15 2007), FERC Stats. & Regs., Regulations Preambles ¶ 31,241 (2007) ("Order No. 890"), *order on reh'g*, Order No. 890-A, 73 Fed. Reg. 2,984 (Jan. 16, 2008), FERC Stats. & Regs., Regulations Preambles ¶ 31,261 (2007) ("Order No. 890-A"), *order on reh'g and clarification*, Order No. 890-B, 123 FERC ¶ 61,299 (2008) ("Order No. 890-B"), *order on reh'g and clarification*, Order No. 890-C, 126 FERC ¶ 61,228 (2009), 74 Fed. Reg. 12,540 (March 25, 2009).

<sup>4</sup> "Comments of the Transmission Dependent Utility Systems on Notice of Proposed Rulemaking," filed in Docket Nos. RM05-25-000 and RM05-17-000 (August 7, 2006), at 82.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.* at 83.

Given the difficulty that some TDU Systems had encountered when attempting to schedule point-to-point service from resources on one system to serve their native load on a neighboring system, TDU Systems also urged the Commission to require transmission providers to synchronize point-to-point service request queues when a customer seeks transmission service from one transmission provider's system into a neighboring system to deliver energy from a resource to the customer's off-system native load in the neighboring control area. *Id.*

In response, although agreeing that "transmission requests across multiple transmission systems should be coordinated by the relevant transmission providers," the Commission declined to amend the *pro forma* OATT to require such coordination. Instead, the Commission directed transmission providers to work through NAESB:

to develop business practice standards related to coordination of requests across multiple transmission systems. In order to provide guidance to NAESB, we will articulate the principles that should govern processing across multiple systems. All the transmission providers involved in a request across multiple systems should consider a request that requires studies across multiple systems to be a single application for purposes of establishing the deadlines for rendering an agreement for service, revising queue status, eliciting deposits and commencing service. In order to preserve the rights of other transmission customers with studies in the queue, the priority for the single application should be based on the latest priority across the transmission providers involved in the multiple system request. We note that regional entities like westTrans are already coordinating requests across multiple transmission systems and we believe such coordination is an acceptable solution to this issue.

Order No. 890 at P 1377.

Concerned that this important issue might not be addressed in a timely fashion, TDU Systems sought rehearing and urged the Commission at least to provide the

oversight necessary to ensure that NAESB effectively addresses the standards and practices for coordination, including the establishment of clear deadlines for NAESB to complete the development process for these business practices.<sup>7</sup> In response, the Commission “decline[d] to dictate at this time, beyond those principles outlined in Order No. 890, the particular practices that must be implemented,” finding that:

It is more appropriate to allow transmission providers working through NAESB, in the first instance, to consider how best to ensure coordination across multiple systems. It is also appropriate to give NAESB an open timeframe to develop these standards since they must be broad enough to account for the complexities of coordinating multi-system transmission service requests.

Order No. 890-A at P 766.

NCEMC notes that more than two years since the issuance of Order No. 890, it continues to experience some of the same difficulties described by TDU Systems in requesting service that crosses multiple transmission providers’ systems. For example, when NCEMC has requested point-to-point transmission service from Transmission Provider “A” (the source) to support a network resource designation in the system of Transmission Provider “B” (the sink), NCEMC has experienced instances where the point-to-point transmission service request is accepted by Transmission Provider A (source) *before* NCEMC’s network resource designation is accepted by Transmission Provider B (sink). This puts NCEMC in the difficult position of being obligated to pay for the point-to-point transmission service reservation on Transmission Provider A’s system before obtaining approval from Transmission Provider B for the network resource designation, thus putting NCEMC in a position of owning transmission rights it may not

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<sup>7</sup> “Request for Rehearing and Clarification of the Transmission Dependent Utility Systems,” filed in Docket Nos. RM05-25-001, *et al.* (January 28, 2008).

be able to use to serve its off-system native load. The alternative to this is to withdraw the study request from Transmission Provider A and resubmit it, such that the timing of approval from Transmission Provider B may line up better with the timing of Transmission Provider A. However, in addition to causing redundant work, this process can lead to NCEMC losing its place in the queue and potentially not being able to get the transmission request approved by Transmission Provider A.

Another problem NCEMC has experienced when trying to conduct transactions across two transmission providers' systems has occurred when one transmission provider uses Eastern prevailing time ("EPT"), and another, Central prevailing time ("CPT"), and the sink transmission provider evaluating the designated network resource ("DNR") in one time zone requires the source point-to-point transmission as a prerequisite for evaluating the DNR. Because long-term requests must begin at midnight in the transmission providers' time zones, when the request crosses time zones it creates a situation in which the service will begin at midnight in one time zone and either 11 p.m. or 1 a.m. in the other time zone. While a one hour gap is seemingly a trivial matter, in fact, NCEMC has experienced a transmission provider's initially rejecting NCEMC's long-term transmission service request because – due to the time zone difference – the service did not begin on the correct hour. In these cases, NCEMC has eventually been able to get its long-term service requests confirmed, but not without considerable time and effort spent on what should be a non-issue.

Although not an equitable solution, NCEMC would be willing to purchase the extra one hour of service but for the fact that the transmission provider does not sell hourly service as far in advance as it sells long-term service. Section 18.3 of the *pro*

*forma* OATT provides that hourly point-to-point service – which is only available in the *pro forma* OATT as non-firm service<sup>8</sup> – must be submitted no earlier than noon the day before service is to commence. However, NCEMC notes that even if it specified the use of Universal Time (“UT”) in the request for transmission service, this would not account for the difference in offset between two transmission providers of different time zones.<sup>9</sup> NCEMC would still be forced to procure an additional one hour of transmission service on a non-firm basis to transfer a firm energy source for which it has made long-term arrangements, which puts the firmness of the transaction at risk for that beginning/ending hour.

One potential solution is to require transmission providers to ignore the hour start time when evaluating a long-term reservation. This solves part of the problem. A more comprehensive solution would be to require all transmission providers to have some manner of “deal-link” capability on their OASIS sites. If such a “deal-link” feature were used in instances in which there is a time zone difference between two transmission providers, the standards would provide that (1) the transmission request could not be denied due to an hour of missing transmission because of the time zone difference; and (2) the point-to-point transaction necessary to back up the DNR would automatically sink up time-wise with the transmission supporting the designated network resource. In other words, for that specific transaction, the point-to-point transmission service seller could only charge for one year’s worth of transmission, and that specific deal would start on the

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<sup>8</sup> The Commission declined to mandate hourly firm service in Order No. 890, but noted that transmission providers would continue to have the option to propose offering hourly firm service in a Federal Power Act section 205 filing with the Commission. The NEASB standards likewise only address day-ahead non-firm hourly service. See NAESB Standard WEQ 001-4.13, Table 4-2.

<sup>9</sup> The first hour of an EPT year is the last hour of the CPT prior year; said another way, 1/1/2010 HR 00:00 EST = 12/31/2009 HR 23:00 CST, regardless of the time zone reported (EST, CST, UT+x, etc.). A reservation made on a CST system is always offset by an hour on the EST system.

same hour as the designated network resource transaction. The deal-link feature could also be used to notify the transmission providers to coordinate the timing of their study results such that NCEMC and other similarly situated companies could have certainty regarding both transmission requests before confirming and committing to pay for transmission service.

NCEMC brings these examples to the Commission's attention now in this rulemaking in an effort to urge the Commission to monitor more closely NAESB's progress on this very important issue of coordination. In its February 19 filing, NAESB included as Appendix F an updated "FERC Order No. 890 Plan and Status of Items." Among those items whose status is "Not Started" is WEQ 2009 Annual Plan Item 2(a)(iii)(1), *i.e.*, to develop standards and communications protocols related to coordination of requests across multiple systems. NAESB Filing at 58-59. The Target Dates listed for this item are 2010 for "WEC EC Vote" and WEC EC Ratification." NCEMC is concerned that this item remains as not yet even started, particularly in light of the fact that the problems raised in the TDU Systems' comments filed almost three years ago, urging the Commission to ensure that NAESB addresses them in a timely manner, still exist. Because NAESB has not yet developed standards, the Commission's directive that "[a]ll the transmission providers involved in a request across multiple systems should consider a request that requires studies across multiple systems to be a single application for purposes of establishing the deadlines for rendering an agreement for service, revising queue status, eliciting deposits and commencing service"<sup>10</sup> has gone unfulfilled. NCEMC recognizes that the NAESB WEQ certainly has had an abundance

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<sup>10</sup> Order No. 890 at P 1377.

of complex issues to address, but urges the Commission to keep NAESB's feet to the fire on this issue. NCEMC suggests that requiring status reports at appropriate time intervals would seem reasonable, given that Order No. 890-A's "open timeframe" approach thus far has not produced any concrete results.

### CONCLUSION

Wherefore, NCEMC respectfully requests that the Commission incorporate the recommendations discussed in these comments in the Final Rule to be issued in this docket.

Respectfully submitted,

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May 26, 2009

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