**ENTERGY COMMENTS**

**NAESB OASIS Subcommittee Recommendation – 2015 Annual Plan Item 7(b)**

Entergy commends the hard work that NAESB OASIS Subcommittee put in to address FERC ruling in the Dynegy Power Marketing (EL01-104), Entergy Services Order (ER05-1065-013), and FERC Order (676-H). The orders give guidance on the implementation of the NAESB Redirect Standards for Redirects on a firm basis and Redirects on a non-firm basis.

Entergy supports the recommendation that addresses the redirect on firm basis. However, the current recommendation addresses redirect only from an unconditional firm and proposes a partial solution to the problem that FERC has directed NAESB to address. Entergy recommends that redirect from a conditional firm should also be addressed by NAESB.

Entergy realizes the complications associated with firm redirect from a conditional firm parent but leaving resolution of this difficult issue to the Transmission Providers by including the following language in WEQ 001-9 will result in inconsistent processes:

***The Transmission Provider shall specify any reservation process that applies to Redirects on a firm basis from Parent Reservations that are conditional, as described in pro forma tariff section 13.2, in its Business Practices that are posted in accordance with Business Practice Standard WEQ-001-13.1.4.***

Entergy agrees with the OASIS subcommittee’s description of the complexity of firm redirect from a Conditional Firm in the Recommendation Development section of the recommendation that states:

***“The subcommittee struggled with the question of how to address treatment of a Redirect on a firm basis (Firm Redirect) where the Parent Reservation has not yet passed the conditional reservation deadline as established in pro forma OATT section 13.2. FERC indicated in Entergy (Docket No. ER05-1065-013) Paragraph 32 that a Transmission Customer should not lose rights on the original path if a Redirect is preempted. Under the WEQ Version 003 Business Practice Standards (existing standards), the capacity is reduced on the original path (Parent Reservation’s path) upon confirmation regardless of the conditional status of the Firm Redirect. These standards do not permit reinstatement of the capacity to the Parent Reservation if the Firm Redirect is preempted. FERC found this aspect of the existing standards to be inconsistent with the Entergy/Dynegy orders. When the subcommittee considered how to revise the Business Practice Standards to permit a conditional firm reservation to become a Parent Reservation of a Firm Redirect the subcommittee could not find a mechanism to always retain rights on the Parent Reservation until the Firm Redirect became unconditional.***

***For example, consider a situation where a conditional 100 MW Daily Firm Parent Reservation is redirected to another path and the Firm Redirect is conditional. In this instance both the Parent Reservation’s 100 MW capacity on the original path and the Firm Redirect’s 100 MW capacity on the alternate path are subject to preemption until they pass their respective conditional reservation deadlines. If the Parent Reservation is preempted in full before the Firm Redirect becomes unconditional, then it is no longer possible to restore the rights on the original path if the Firm Redirect were subsequently preempted.***

***• Initially the subcommittee adopted Motion 2, which states:***

***Redirect on a firm basis from a conditional parent the capacity will be conveyed to the Redirect upon confirmation of the Redirect and will then be released from the Parent Reservation. Redirect on a firm basis from a unconditional Parent Reservation the capacity will be conveyed to the Redirect upon 1) acceptance, 2) confirmation and 3) unconditionally of the Redirect and will then be released from the Parent Reservation.***

***• The subcommittee could not reconcile restoring to the Parent Reservation and allowing that Parent Reservation to be lost to competition. Therefore the logic in the first sentence was that the customer submitting a Firm Redirect from a conditional Parent Reservation was willing to take the risk of losing capacity on both paths if the Firm Redirect were to be preempted. Further consideration of Motion 2 found that the treatment of a Redirect from a conditional Parent Reservation (first sentence of the motion) essentially established a standard which is identical to the current standards, which do not permit a Transmission Customer to utilize capacity on the original path (Parent Reservation’s path) if the Firm Redirect is preempted. Upon reconsideration, the subcommittee decided to withdraw Motion 2.”***

Entergy realizes that several options were considered and consensus could not be reached on any one option due to the complexity involved with tracking the redirects and treatment of redirects if the parent which is conditional loses the capacity to completion while the redirect is still unconditional. Since the situation is real and it needs to be addressed, one solution that Entergy supports is to allow customers to make a choice to either give up their right to go back to the parent, or displace the redirect. In case of customer choosing to give up their right, the redirect may be consider an original request and Transmission Provider may charge for this service since this service is no longer supported by the Parent Reservation.

Entergy does recognize that the redirect may have been granted considering reduction of capacity on the Parent Reservation in accordance with WEQ 001-9.1.3.1. In that case the redirect may have to be modified in case of loss of capacity on the Parent Reservation.

Entergy has proposed modification to WEQ 001-9, and WEQ 001-9.5.4, and additional standards WEQ 001-9.5.4.1, WEQ 001-9.5.4.2, and WEQ 001-9.5.4.3 to address the issue of redirect from a conditional firm parent.

It is generally agreed that there it will be complex to track Redirect of Redirect from a conditional firm Parent Reservation in case the Parent Reservation loses in the competition. To make the resolution of this problem feasible, Entergy proposes to restrict Redirect from a Redirect from a conditional Parent . Entergy proposes additional Standards 001-9.1.1.1 and 001-9.1.1.2 to reflect this restriction. These standards are very similar to restricting Redirect from a Resale Reservation that has conditional reservation as proposed in X001-11.6.1 and X001-11.6.1.1. .