

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;  
William L. Massey, and Nora Mead Brownell.

Entergy Services, Inc.

Docket No. ER02-2014-006

ORDER ON AMENDED GENERATOR OPERATOR LIMITS FILING

(Issued March 13, 2003)

1. In this order, the Commission accepts a Revised Generator Operator Limits (GOL) proposal filed by Entergy Services, Inc. (Entergy)<sup>1</sup> and requires it to become effective on April 12, 2003, subject to the conditions described in this order. This order benefits customers because it will permit Entergy to implement, and gain experience with, a methodology for evaluating local area constraints and permit generators to participate in the bulk power market. The GOL methodology is generally supported by intervenors and appears to be superior to the status quo, while requiring information that will allow the Commission and interested parties to evaluate the new system.

**Background**

2. On June 3, 2002, Entergy filed its Initial Proposed GOL procedure as Attachment Q to its OATT<sup>2</sup> to address local transmission constraints on the Entergy transmission system and to provide a process for generators to participate in short-term bulk power markets without first submitting each proposed transaction for a System Impact Study (SIS). Entergy stated that the GOL procedure set forth the methodology for evaluating local transmission constraints on Entergy's transmission system. Entergy further stated that the GOL is the MW value up to which a generating facility, or group of generating facilities,

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<sup>1</sup>The filing was made by Entergy Services, Inc. on behalf of the Entergy Operating Companies. The Entergy Operating Companies include: Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., and Entergy New Orleans, Inc.

<sup>2</sup>Entergy's current OATT is FERC Electric Tariff Second Revised Volume No. 3.

can ordinarily be operated on a short-term basis without compromising local transmission reliability and without requiring a SIS.

3. In an order issued August 2, 2002,<sup>3</sup> the Commission accepted the Initial Proposed GOL filing, suspended its effectiveness until January 3, 2003, and directed staff to convene a technical conference to explore the issues raised by the parties. Entergy was ordered to continue to offer its unfiled Original GOL procedure. On October 11, 2002, the Commission issued an order granting rehearing of the August 2 Order and finding that Entergy's Original GOL procedure should have been filed with the Commission.<sup>4</sup> The Commission ruled that under Section 205, Entergy cannot adopt operating practices such as its Original GOL procedure that affect reservations, scheduling and curtailment without making a filing to obtain Commission authorization.

4. On October 17, 2002, Entergy filed an Emergency Request for Stay of the Rehearing Order, arguing that the elimination of its Original GOL procedures would harm the short-term market by requiring Entergy to perform a SIS for all daily and weekly transmission service requests. Entergy argued that SISs could not be completed in time for Entergy to respond to daily and weekly transmission service requests. On November 7, 2002, the Commission issued an Order Denying Stay and Clarifying Prior Order<sup>5</sup> which directed Entergy to follow its OATT, which meant using its knowledge of its system (which is based on existing information and studies of its system) to determine on a non-discriminatory basis whether it can fulfill a short-term transmission service request instead of automatically performing a SIS for every such request.

5. The technical conference established in the August 2 Order was held on October 29, 2002, after which parties filed comments and reply comments.

6. On November 12, 2002, following the technical conference, Entergy filed comments in which it proposed to make extensive modifications to its GOL filing to resolve outstanding issues. Entergy further committed to study two additional proposals that were raised during the technical conference and to submit a status report to the Commission by April 30, 2003.<sup>6</sup>

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<sup>3</sup>Entergy Services, Inc., 100 FERC ¶ 61,147 (2002).

<sup>4</sup>Entergy Services, Inc., 101 FERC ¶ 61,040 (2002), reh'g pending.

<sup>5</sup>Entergy Services, Inc., 101 FERC ¶ 61,169 (2002).

<sup>6</sup>The first proposal, Available Flowgate Capability (AFC), is an alternative

7. In the December 16 Order, the Commission dismissed without prejudice Entergy's August 2 Initial Proposed GOL procedure because the substance of its proposal had been superseded by the Amended GOL filing. The Commission found that Entergy's amended GOL filing represented significant progress in addressing various concerns discussed at the technical conference, but lacked the detail and clarity needed to fully evaluate the proposal. Entergy was directed to refile its amended GOL within 30 days of the issuance of the order, setting forth a specific and better-supported proposal (including revision to its OATT) to implement a GOL procedure. In the meantime, Entergy was directed to continue to grant short-term transmission service requests based on its knowledge of its system. In addition, Entergy was directed to file its proposed status report by April 30, 2003 and to include in that report an evaluation of the success of the amended GOL procedure to date.

### **Description of Entergy's Revised GOL Procedure**

8. On January 15, 2003, Entergy filed a revised Attachment Q and other explanatory information, setting forth in more detail its proposed revisions to the GOL proposal. Under revised Attachment Q, Entergy will calculate GOLs in the direction of each of the fourteen control areas that are directly interconnected to the Entergy transmission system and to which Entergy calculates export capability.

9. Revised Attachment Q and revised Section 17.1 of the OATT make clear that the GOL procedures are Entergy's means for meeting its obligation under Section 17.1 of the OATT to use expedited procedures for evaluating short-term firm point-to-point service requests. Under these procedures, Entergy will evaluate short-term firm requests for point-to-point service by evaluating the GOL, the Local Area GOL (if any), and the applicable ATC to determine if service can be granted without the necessity of a SIS. If service cannot be granted in full, partial service will be offered and a SIS will be available for monthly firm point-to-point service requests. Although non-firm transmission service is not covered by Section 17.1 of the OATT, revised Attachment Q also specifies how Entergy will evaluate requests for non-firm transmission service.

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<sup>6</sup>(...continued)

methodology for evaluating transfer capability that could replace the GOL method. The second proposal involves identifying alternatives to Entergy's current process for evaluating the ability of the transmission system to accommodate new network resources on a short-term basis.

10. Generators subject to Entergy's GOL process will use Entergy's OASIS to reserve transmission service and will receive the same information as all other Entergy transmission customers on a real-time basis. Upon request, Entergy will provide to a generator the base case it uses to determine GOLs on a post hoc basis by posting the requested base case on its OASIS. Upon request, Entergy will also provide owners of generating facilities information on constraints that limit the GOL of their facilities by posting this information publicly on OASIS.

11. Entergy has included in its revised GOL filing a more detailed methodology for conducting the power flow studies used to generate GOL and Local Area GOL values.<sup>7</sup> In general, the model simulates transfers in the direction of Entergy's control area interfaces for a study generator by setting the study generator's output level at zero, with the exception of units that are subject to long-term commitments as network resources or under long-term firm point-to-point reservations. In these situations, the study generator's output level will be equal to its expected dispatch level or to the long-term firm reservation, respectively. The study generator is then ramped up, or decremented down, while generating facilities in the "receiving" control area will be ramped down.<sup>8</sup> For purposes of the model, all generating facilities on Entergy's transmission system designated as network resources will be set to an expected dispatch level based on the network load requirements of the powerflow base case associated with the peak hour for the period. All generators with approved long-term firm point-to-point reservations will be dispatched to serve the long-term firm reservations from that unit.

12. Where multiple generating facilities have located in sufficiently close electric proximity to each other such that each of the generating facilities contributes to the same limiting element(s) on the transmission system, Entergy will calculate a shared Local Area GOL that will apply to generators that contribute significantly to the same constrained elements. Although Entergy has not completed its analysis, Entergy anticipates the formation of approximately five Local Areas with approximately two generating units each; four of the Local Areas involve Entergy-affiliated generating facilities. Local Area GOL

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<sup>7</sup>The calculation methodology entitled "Methodology for Calculating Operating Limits for Generators" is not filed as a part of Attachment Q, but will be posted on Entergy's OASIS.

<sup>8</sup>The Commission interprets the Entergy GOL as representing the study generator's maximum output level above which Entergy can no longer maintain a secure local area dispatch (i.e., dispatch that assures system reliability in the event of any critical single contingency). Path elements with a 10 bus radius of the study generator's interconnection will be considered constraining only if the element's Outage Transfer Distribution Factor (OTDF) is greater than 3 percent for the transfer case under consideration.

values are calculated as described above for individual generators, except that the generators are set at a starting MW output level consistent with approved long-term service (network or point-to-point) from that unit.

13. To take into account the simultaneous effects of multiple simultaneous reservations from one generating facility over two or more GOL “paths,” Entergy proposes to limit the sum of all outstanding directional reservations from a specific generating facility to the lowest GOL of any of the paths over which the customer is requesting or receiving transmission service. A similar rule would apply to Local Area GOLs. Simultaneous reservations over multiple paths by generators participating in a Local Area will be handled in a manner analogous to simultaneous reservations out of a single generating facility. If one or more Local Area generators have in place long-term or short-term firm reservations over more than one path, the Local Area GOL will be determined based on the composite GOL for the most restrictive path reserved by any of the generators that participate in the Local Area.

14. Transmission customers will be permitted to redirect firm point-to-point service up to the GOL or Local Area GOL (if applicable) for the interface to which the transmission service is being redirected. The ability to redirect is subject to rules regarding the simultaneous effect of reservations over other interfaces.

15. Entergy will calculate directional GOLs for point-to-point service on both a monthly basis and a daily basis, subject to the resolution of technical issues involving daily calculations. If these technical issues cannot be resolved within one month of a Commission order accepting Entergy’s GOL process for filing, Entergy will report to the Commission on the status of daily calculations and will notify the Commission when all implementation issues have been resolved.

16. Daily GOLs will be provided for a rolling 30-day time frame, consistent with the posting of daily ATC values. Daily calculations will be used to evaluate service under the following circumstances: (1) where daily GOLs are available for the entire transaction period, daily GOLs will be used; (2) where daily GOLs are not available for the entire transaction period, the monthly GOL will be used; and (3) monthly service under the GOL will not be granted in an amount that exceeds the lower of (a) the monthly GOL or (b) the lowest daily GOL calculated for the requested month. Entergy states that monthly GOLs are being made subject to Entergy’s calculation of daily GOLs because the daily GOLs more accurately reflect the ability of local area facilities to accommodate a requested transaction.

17. GOL values for individual generating facilities will be posted on a password-protected website, and will only be made available to the owners of the generating facility

to which the GOL applies. Local Area GOLs will also be posted on a password-protected website that will be accessible to all owners of generation that participate in the Local Area. Entergy's intent is that the password-protected website be separate from Entergy's OASIS.

18. Entergy continues to propose to allocate Local Area GOLs among and between participating generators on a first-in-time basis, subject to any bumping rights associated with the length of service, in a manner similar to that required in the Commission's pro forma OATT. Entergy states that it is willing to implement another fair method of apportioning Local Area GOLs among generators participating in a Local Area, instead of first-in-time allocation, should the Commission direct Entergy to do so.

19. Although revised Attachment Q provides that GOLs will be allocated on a first-come, first-served basis consistent with the pro forma OATT, the GOL for a jointly-owned facility will be allocated on a pro rata basis to be determined by Entergy and the joint owners. Entergy states this rule is designed to protect the ability of minority owners of jointly-owned generating facilities to gain access to the transmission system.

20. Entergy proposes not to include the power flow methodology in Attachment Q. Entergy states that, as with ATC calculations and SIS, posting the power study methodology on OASIS and providing public notice of any changes to that methodology obviates the need to include that methodology in Attachment Q.

21. Entergy states that it has not yet been able to develop a Network GOL proposal (for either the short or long term) that it believes will be satisfactory to both the intervenors and Entergy, and it has not been able to resolve the network resource displacement issue raised by certain intervenors. In the interim, rather than move forward with the "lowest of the four" proposal included in its Initial Proposal and opposed by the intervenors, Entergy will continue to use its knowledge of the system and SIS's to evaluate requests for new short-term network resources, consistent with the Commission's November Stay Order.

22. Entergy requests that the Commission issue an order approving Revised Attachment Q within 60 days of this filing and establishing an effective date 30 days after the Commission issues that order. Entergy argues that the one-month implementation period is necessary to complete preparations for conducting daily GOL calculations from every generating facility to each of fourteen interfaces. During the one-month implementation period, Entergy will continue to use its knowledge of its system, existing information, and system assessments and studies to determine if it can grant short-term transmission service requests without requiring a SIS.

### **Notice and Responsive Filings**

23. Notice of Entergy's Amended GOL filing was published in Docket No. ER02-2014-004 in the Federal Register,<sup>9</sup> with interventions or protests due on or before November 25, 2002. Comments on Entergy's January 15 filing were filed by Reliant Resources, Inc. (Reliant), Attala,<sup>10</sup> NRG Energy, Inc. (NRG), PLC II, LLC (PLC II), Exxon Mobil Corp. and Occidental Chemical Corp. (jointly), Tractebel Energy Marketing, Inc. (Tractebel), TECO Power Services Corporation (TECO), Calpine Central, L.P. (Calpine), and Duke Energy North America, LLC, Duke Energy Southaven, LLC, Duke Energy Hot Spring, LLC, and Duke Energy Hinds, LLC (collectively, Duke).

24. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure<sup>11</sup> generally prohibits answers to protests and comments, unless there is good cause to allow the answer. In light of the various clarifications made by Entergy in response to the issues raised by the intervenors, we will accept Entergy's February 20, 2003 answer.

### Discussion

25. Generally, the intervenors support Commission acceptance of the amended Attachment Q, noting that while progress has been made, there are still needed modifications.<sup>12</sup> Although Reliant states that it believes that Entergy's method for determining GOLs over multiple paths is too conservative, Reliant requests that the Commission accept Attachment Q. Reliant states that this will allow the market participants to gain some experience with the Entergy GOL process and, if after experience with the methodology, it is shown to be too conservative, a party can file a complaint to modify it.

26. The intervenors also raise a number of technical issues about the GOL methodology and implementation, which we address below. However, we find that these disputes generally involve not factual issues but the policy issue of how to best balance the competing goals of reliability and accessibility. Setting these issues for factual hearing is

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<sup>9</sup>68 Fed. Reg. 4186 (2003).

<sup>10</sup>Attala Generating Co., LLC, Dynegy Power Marketing, Inc., Exelon Generation Co., LLC, International Paper Co., PG&E Energy Trading-Power, L.P., and Tenaska Frontier Partners, Ltd. (collectively, Attala) filed joint comments.

<sup>11</sup>18 C.F.R. § 385.213(a)(2)(2002).

<sup>12</sup>Calpine, Attala, Duke, NRG and TECO.

not likely to resolve these issues quickly or definitively, or to satisfy the parties that the proposal strikes a fair balance. Accordingly, we will allow these GOL procedures to be put into effect, with specific reporting requirements that will allow the Commission and the market participants to evaluate the performance of the procedures after the summer cooling season.

### **GOL Calculation Methodology**

27. Attala, PLC II and Reliant argue that Entergy's GOL calculation methodology is overly conservative. Attala states that each part of the GOL calculation is based on conservative assumptions and that when these parts are put together, the result is so conservative that it artificially reduces a generator's GOL. Assumptions questioned by the intervenors include the use of a 3 percent OTDF rather than a 5 percent OTDF, failure to use seasonal transmission ratings, and the use of the lowest Daily GOL for the period for which service has been requested, rather than a weighted average Daily GOL. Attala also argues that the model results in extra transmission capability being reserved for Entergy's own units first, while merchant generation must fight over the scraps. However, Attala states that it realizes that the GOLs are merely "guesses" and that GOL assumptions must be conservative in order to avoid problems when the system does not work in the manner assumed. Tractebel argues that the GOL calculation methodology unduly restricts merchant generators. Intervenors further question the GOL proposal's policies regarding redirects and multiple reservations, and the treatment of existing long-term transmission service in the model.

28. Entergy states in its Answer that the power flow modeling methodology is based on standard power flow modeling, not "layers of conservatism", as alleged by intervenors. Entergy states that use of peak models is consistent with standard industry practice in conducting transaction-specific SIS and ATC calculations. Entergy argues that when a customer requests firm service, the transmission provider must be sure that it is capable of meeting the request in every hour of the term of the service being requested.

29. The debate over the proper design of the base case and power flow methodology centers around whether Entergy's assumptions are overly conservative, as argued by the intervenors, or necessary to maintain the reliability of the system, as argued by Entergy. The Commission believes that it would be beneficial to all parties to gain practical experience with the modeling and GOL methodology in order to determine whether the model and assumptions strike the proper balance between these two competing goals. Therefore, the Commission will permit the proposal to go into effect using the methodology as proposed, but will require Entergy to file additional operational information so that the Commission and the parties can monitor the system functions over the next peak period.

### **Local Area Definition**

30. Section 7 of Attachment Q states that "two or more generators will be assigned to a Local Area if a common limiting element is one of the top three limits to transfers in over 30 percent of the transfer simulations conducted for the generating facilities being studied." The Local Areas will also be reevaluated annually to determine if there have been any changes to the topography of the transmission system that suggest that additional studies are needed.

31. TECO states that the Local Area definition is arbitrary and not sufficiently explained. PLC II argues that Entergy does not provide an explanation for the "top three in 30 percent of the simulations" methodology, nor does Entergy explain changes in "topography" that would be used to reevaluate Local Areas. PLC II states that Entergy's highly discretionary standard should be supplemented with certain specific benchmarks.

32. Entergy responds that its proposed method of determining Local Areas is just and reasonable because Entergy tests for the regular occurrence of shared elements limiting Entergy's ability to provide transmission service to the affected generators. Entergy states that it places two or more generating facilities in a local area when it finds that transmission service from the facilities will affect the same limiting elements on the Entergy system under a broad range of circumstances and conditions.

33. At the time of its filing, Entergy stated that it had not completed its analysis, but anticipated the formation of five Local Areas. We find that Entergy has sufficiently explained its basic method of determining a Local Area. Section 6.3 of Attachment Q states that "(c)hanges in transmission system topography that may allow for the recalculation of GOL values include, but are not limited to, transmission and generation outages unforeseen at the time the GOL values were originally calculated and material modifications to load forecasts." Therefore, we will not require Entergy to provide additional explanation, as requested by intervenors. However, we will require Entergy to file a report as to the status of its analysis regarding the proper formation of Local Areas.

### **Allocation of Local Area GOLs**

34. Attala requests a pro rata allocation of the Local Area GOLs rather than Entergy's proposed first-come, first-served allocation method. NGR, Reliant, TECO, Duke, PLC II and Calpine favor the first-come, first-served allocation method. Attala argues that a first-come, first-served method could result in a generator being completely shut out of the market and benefits only those generators that have in place the software capable of constantly monitoring Entergy's OASIS. Duke states that the first-come, first-served

methodology, unlike the pro rata method, is consistent with the reservation priorities in the OATT. PLC II adds that a pro rata method would add uncertainty and result in complex administrative procedures.

35. In its Answer, Entergy notes that the majority of the parties prefer the first-come, first-served methodology and requests that the Commission accept that allocation methodology.

36. We find that the first-come, first-served methodology is consistent with Entergy's OATT and relies on a well-established set of procedures. Therefore, we will not require Entergy to change its proposed method of allocating Local Area GOLs.

### **System Impact Studies**

37. TECO states that consistent with Sections 15.2 and 19.1 of Entergy's OATT, transmission customers have the right to information related to service requests the transmission provider indicates it cannot approve.<sup>13</sup> TECO acknowledges that the Commission's December 16 Order directed Entergy to use its internal system knowledge to grant service and to only initiate a SIS when necessary, but argues that the Commission did not direct Entergy to eliminate the SIS process for daily or weekly requests. TECO states that transmission customers should be able to request that Entergy perform a SIS when Entergy cannot grant the entire amount of a daily or weekly short-term firm service request. Duke and Attala agree with TECO, and Attala further states that Entergy should be required to add resources to the SIS process to expedite matters.

38. Entergy states in its Answer that, because it has agreed to perform GOL studies using each of Entergy's 14 interfaces with neighboring control areas and has agreed to update its GOL studies on a daily basis covering a 30-day window, it would be duplicative to require Entergy to perform a SIS addressing daily and weekly transmission service requests. Entergy expects that a SIS conducted within the 30-day window for which daily models are provided will reaffirm the result of the studies Entergy conducts to determine a facility's GOL. This is because the same base case model used to calculate GOLs will be used to conduct a SIS, and because the constraints monitored in a SIS subsume the constraints monitored in a GOL study. Entergy asserts that another problem with allowing

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<sup>13</sup>Section 15.2 provides that "In the event sufficient transmission capability may not exist to accommodate a service request, the Transmission Provider will respond by performing a System Impact Study." Section 19.1 states that "After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed."

requests for SIS in conjunction with GOLs is that requests for studies could force Entergy to either hold up or deny subsequent requests for transmission service that could otherwise be immediately granted based on the GOL, until the SIS is complete.

39. We will deny the intervenor's request to require Entergy to perform a SIS for daily or weekly point-to-point transmission service requests. Entergy explains that the GOL calculation methodology for service requests shorter than a month would use the same base case model and include the constraints that would be included in the SIS. Performing a SIS in these cases would be duplicative and unnecessary.

### **Daily GOL Calculation**

40. Attala states that Entergy should calculate Daily GOLs on a rolling 31-day basis, rather than a 30 day basis, to more closely reflect the number of days in most months.

41. Entergy responds that, pursuant to Commission regulations, it is required to post ATC on a 30-day basis and that posting Daily GOLs on a 31-day basis would result in discrepancies between the two related calculations.

42. We will deny Attala's request. Section 37.6(b) of the Commission's regulations requires ATC to be posted on OASIS for a 30-day period. Since ATC and GOLs are intimately related in Entergy's GOL process (a short-term transmission request must be less than or equal to both the ATC at the interface and the GOL value of the path), calculating Daily GOLs on a 30-day basis is appropriate.

### **Filing of the GOL Calculation Methodology**

43. Attala states that Entergy should be required to file the GOL Calculation Methodology as a part of Attachment Q to ensure that Entergy cannot change the method at its own discretion.

44. Entergy states in its Answer that, as with ATC calculations and SIS, posting the power study methodology on OASIS and providing public notice of any changes to that methodology obviates the need to include that methodology in Attachment Q.

45. We will not require Entergy to file the GOL Calculation Methodology as part of Attachment Q. This is consistent with the treatment of the ATC filing calculation methodology.

### **Confidentiality**

46. Entergy proposes to post the power flow models used to calculate a generator's GOL values, along with a description of the limiting transmission facilities which established each value, on its OASIS upon the reasonable request of an owner of a generating facility. Calpine states that Entergy should not post on its OASIS the overloaded lines that cause a limiting GOL because that is sensitive market information and should be password-protected.

47. Entergy states that § 37.4(b)(3) the Commission's Standards of Conduct prohibits employees of Entergy's merchant function from having access to information not publicly available on the OASIS. Therefore, Entergy proposes to publicly post the information on its OASIS upon request.

48. We will deny Calpine's request. Section 8.1 of Attachment Q provides for a password protected website that will show the GOL values calculated for each generating facility, including Entergy's merchant generators. We agree with Entergy that allowing Entergy's merchant generator to have password protected access to information regarding transmission facilities that limit its own generation's GOL would provide employees of Entergy's merchant function with proprietary information not available to the general public in violation of our Standards of Conduct. Moreover, the Commission believes that making information related to transmission constraints publicly available will provide transparency beneficial to the market in general. Therefore, we will require Entergy to revise Section 8.1 of Attachment Q to provide for the public posting of information on its OASIS related to transmission constraints, regardless of whether such information is requested by the owner of a generating facility.

### **Network GOLs**

49. Our December 16 Order required Entergy to study alternative methods for evaluating short-term network resources, among other things, and submit a status report to the Commission by April 30, 2003. Attala complains that Entergy is proposing to bifurcate the approval process by addressing the daily directional GOL issues now and the Network GOL issues later. Attala states that Entergy should not be allowed to delay the Network GOL issue until a later date. Attala argues that the parties need the entire proposal to be able to evaluate it properly. NRG states that Entergy is making the development of a Network GOL more complicated than necessary.

50. Entergy responds that it did not have sufficient time prior to filing its Amended GOL filing to develop a Network GOL proposal that is satisfactory to all parties. On February 28, 2003, Entergy filed a supplement to the Amended GOL filing addressing

certain network GOL issues. The supplement includes a proposal for implementation of a new methodology for evaluating short-term network resources in time for the summer peak period. Entergy states that it has not yet completed its analysis of longer-term alternatives, but will report on those alternatives in the April 30, 2003 status report. The Commission will address Network GOL issues in the new proceeding.

### **Funding of Optional Upgrades**

51. TECO states that a generator's Local Area GOL allocation should reflect that generator's investment in network upgrades that were constructed to relieve Local Area constraints. TECO argues that the GOL procedures do not distinguish between the party that has funded the optional system upgrades and the party that has not.

52. Entergy states that participants in a Local Area that fund optional upgrades should not be granted exclusive or priority rights to use the additional transfer capability. Entergy argues that the Commission has previously ruled that optional upgrades do not convey transmission rights to the interconnecting generating facility and that transmission customers must be repaid, with interest, for their investment. Also, Entergy states, optional upgrades do not include all the facilities necessary to grant firm delivery service.

53. The Commission will not require Entergy to grant preferential rights to parties who have paid for optional system upgrades. In our order approving Entergy's pro forma Interconnection Operating Agreement, we noted Entergy's clarification that payment for optional system upgrades "entitles the generator to credits against future transmission charges but does not convey additional transmission rights to the generator."<sup>14</sup>

### **Excess Existing Firm Long-Term Transmission Service**

54. Duke states that when existing long-term transmission service is redirected to a path with a GOL that is more limited than the reserved path, the balance should not be forfeited, but should be available to be redirected from another source (*i.e.*, another generator). Duke argues that being required to forfeit the balance but still being required to pay for it results in an unsupported request for a rate increase. Duke states that the transmission customer should have the option to redirect the excess reservation amount to another path when a directional GOL path is insufficient to accommodate the total amount of the original reservation. Duke and NRG state that the transmission customer should have the option of using on a non-firm basis any excess reservation amount.

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<sup>14</sup>91 FERC ¶ 61,149 at 61,560.

55. Entergy responds that TECO and Duke mistakenly argue that Attachment Q's redirect policy is inferior to the OATT. Entergy states that there is nothing in Attachment Q that would restrict a party from redirecting service to generating facilities other than the source of the original request. Any redirect to another generator would simply be considered a request for new service under Section 22 of the OATT, and the applicable GOL values associated with the second generator would apply, not the GOL values of the first generator. Entergy also states that Section 3.3.4 of Attachment Q specifies that only requests to redirect on a firm basis will be subject to the GOLs, while pursuant to Section 4 of Attachment Q, non-firm redirects are subject only to ATC limitations.

56. We will accept Entergy's clarification that Attachment Q does not limit redirect of existing long-term firm transmission service on a non-firm basis or prevent transmission customers from redirecting to generating facilities other than the source of the original request.

#### **Daily vs. Monthly GOLs**

57. PLC II states that it is not clear which GOL is applicable (a Daily GOL or a Monthly GOL) when daily GOLs are only partially available, since the tariff language in Section 3.3.3 of Attachment Q contradicts Entergy's explanation in its transmittal letter.

58. In its Answer, Entergy clarifies its Daily GOL methodology. If Entergy has calculated Daily GOL values for all of the days for which service has been requested (for example, a weekly request that begins on day 5), the service will be limited to the lowest Daily GOL value for that service period. If Daily GOLs are not available for the entire requested period (for example, a weekly request that begins 29 days from the request), the request must satisfy the Daily GOLs on days 29 and 30 and the Monthly GOL applicable to the remainder of the transaction period beyond the 30-day window. However, the service is limited to the lower of (a) the monthly GOL, or (b) the lowest Daily GOL calculated for the requested month. Entergy states that the Monthly GOLs are being made subject to the calculation of the Daily GOL because the Daily GOLs more accurately reflect the ability of local area facilities to accommodate a transmission request.

59. We will accept Entergy's clarification of its use of daily GOL values. We will require Entergy to amend Section 3.3.3 of Attachment Q to reflect its clarification.

#### **QFs and PURPA**

60. Several intervenors request that Entergy clarify that the Amended GOL proposal does not limit a QF's activities and rights under PURPA.

61. Entergy states that Attachment Q will permit owners to "put" their power to Entergy without regard to the GOL applicable to the QF. Entergy's proposed GOL will not apply to PURPA puts of power from QFs interconnected with Entergy's transmission grid to Entergy and a QF will be permitted to put its output to Entergy for purchase at Entergy's avoided costs in excess of the QF's GOL as long as the reliability of the system is not compromised (See 18 C.F.R §§ 292.304(f), 292.307(b), 292.308 (2002)) and the cost of accepting the energy is not greater than if Entergy had generated the energy itself. QF puts will not reduce the QF's GOL, but Attachment Q will apply if the QF sells any excess energy to third parties. Entergy also clarifies that the GOL will not apply to imbalance service that generators self-provide by and through the balancing pool certain generators are permitted to implement pursuant to the Settlement Agreement in Docket Nos. ER01-2201-000 and EL02-46-000.

62. We accept Entergy's clarification with the proviso that Entergy's obligation under PURPA is to take the energy at its avoided costs which is defined as:

"The incremental costs to an electric utility of the electric energy... but for the purchase from the qualifying facility or qualifying facilities, such utility would generate itself or purchase from another source."<sup>15</sup>

## **Conclusion**

63. The Revised GOL Procedure appears likely to increase the availability to generators of transmission on the Entergy system. Although it is not without flaws, Entergy's GOL proposal appears at this point to strike a reasonable balance between the need to ensure reliability and the mandate to make available transmission capacity available on a non-discriminatory basis for open access transmission service. However, we are establishing procedures for continuing to investigate the GOL Procedure as the parties gain experience with it. As noted above, the December 16 Order required Entergy to include in their April 30, 2003 status report an evaluation of the success of the amended GOL procedure to date. We recognize that Entergy will have had little actual experience with this procedure by April 30. Moreover, Entergy will be subject to detailed reporting requirements as conditions to this order that will permit the Commission and the parties to monitor this program. Therefore, we will remove the requirement to include an evaluation of the GOL procedure in the April 30, 2003 status report.

The Commission orders:

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<sup>15</sup>18 C.F.R. § 292.101(b)(6) (2002).

(A) Entergy's proposed amended Attachment Q to its Open Access Transmission Tariff is accepted for filing and suspended to become effective on April 12, 2003, subject to the conditions set forth below.

(B) Entergy must file with the Commission, and serve on all parties, the following information. Such information must be filed in accordance with 18 CFR § 385.2010 (Rule 2010) which requires that a copy of the response be served on each person whose name appears on the official service list for this proceeding. If a request for privileged treatment accompanies any specific response, the response should be filed pursuant to the procedures established in Section 388.112 of the Commission's regulations. All responses must be filed under oath (18 CFR § 385.2005) by an authorized Entergy representative and include the name, position, and telephone number of the respondent to each item. Please provide electronic as well as hard copies. Such information is required to be filed on a monthly basis for operations during the period through and including September 2003. Entergy is required to file this information within five business days of computing each month's GOL values:

(1) Entergy must file the data inputs used to run the GOL power flow studies and all changes to those inputs.

(2) Entergy must keep a log of all GOL studies performed to calculate monthly GOL values for specific generating facilities and for Local Area GOLs. The log must include the following information:

- a. The date of the study
- b. All assumptions used in the study.
- c. The person performing the study.
- d. The parties and interfaces being studied.
- e. If the study is deemed non-representative or labeled for discard then the log must contain a reason for this conclusion.
- f. If the study is implemented as representative then the log should clearly identify this fact.
- g. A list of all transmission service requests affected by GOL calculations. Document in detail the reason for approval or denial, with reference to specific GOL run.

(C) Within thirty days of the date of this order, Entergy will report to the Commission on the status of the resolution of issues involving daily calculations. Entergy will also report to the Commission on the status of its analysis of the formation of Local Areas, as discussed in the body of this order.

(D) Within thirty days of the date of this order, Entergy must file revised tariff sheets to reflect the changes required in the body of this order.

(E) Entergy must retain all studies, including assumptions, operator logs and notes, as well as conclusions and reports, for three years even if the study was not used to set GOLs. All log entries and retention of study materials will be subject to Commission compliance audits.

(F) On November 3, 2003, Entergy must file with the Commission and serve on all parties a report on the operation of the GOL during the period of implementation through September 30, 2003. Such report should include, at a minimum, sufficient information for the Commission and the parties to determine whether the GOL methodology resulted in restricting or withholding available transmission capacity from independent power producers and other generators that use transmission service. Entergy must also make a showing that the GOL methodology did not result in an unfair advantage or preferential treatment to Entergy's merchant generators.

(G) A technical conference will be held on a later date to evaluate the market implications of Entergy's new GOL procedure.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.