

Minutes of 4/11/06 AFC Audit Technical Working Group Meeting

- For recommendation #1 (Revisit the software patch to determine that this type issue will not occur in the future) SPP is continuing discussions with AREVA. As soon as SPP is confident with the outcome they will relay details to Entergy and Stakeholders.
- For recommendation #2 (Provide additional level of detail in postings) Entergy regulatory staff has been assigned this task and will be working with SPP to make changes to documentation.
- For recommendation #3 (AFC Impact Log and TSR Log process be further automated), Automation of TSR Logs – A contract has been signed with AREVA. AREVA is expected to start testing the software modifications in mid May. Changes are expected to be implemented by July 1, 2006.
- For Recommendation #4 (Enhancement of HRM and quality control processes) Full Transition to Remedy is expected by the end of September 2006.
- Stakeholder problem questions will be directed toward the ICT as soon as the ICT is established. Entergy will assist the ICT in formalizing a process in which the Stakeholders will use with the ICT to submit and relay queries. Rules and other pertinent information pertaining to this process will be formally documented and posted for Stakeholders to review with hopes of ease in comprehension. A suggestion of the interface was to have a web portal with ICT human interaction for categorizing and prioritizing the problems which will precede the ICT's contact of Entergy's specified personal for each question category. Note: In the event that the ICT is slow in coming or rejected in full Entergy will not wait to pursue this better means of communication with its Stakeholders.
- Options to address over generation and negative generation in AFC models that are listed in the AFC Stakeholder Technical Working Group April 11, meeting's Rec_9-10_proposal.pdf document was discussed at length.

The WPP proposal by Entergy, which is listed as a Long-Term (LT) Solution, was specifically discussed as applicable to the operating horizon. Since the negative generation occurrence is mainly in the planning horizon, the Interim Solutions and other solutions were discussed to find an agreed upon long term solution. The root of the problem was defined to be many reservations not flowing in their off peak hours. A long term solution of a new product type (NITS & PTP hourly firm on-peak 8, 12, 16 hours) was discussed. The process for establishing a new product type was estimated to take 4 to 6 months for FERC approval and only be binding for NITS since only NITS requires a power supply contract. Interim Solution #3

below was also considered to be a long term fix. The time needed for implementation of this suggestion was not specified.

The Interim solutions order agreed upon was as follows:

- 1) Step1 – Include remaining Oil and Gas units in the dispatch pool and dispatch the pool down to the established P_{\min} levels to reduce any mismatch. (This step has already occurred)
 - 2) Exclude or Scale Reservations Pre-process – Would exclude imports or % of imports into the EES control area. (The exclusion list and how to apply it would be established by Entergy analysis & NITS customer input)
 - 3) Scaling Reservations during process – Would scale reservations only upon the occurrence of negative generation in the model. (This was considered to be more Long Term due to software changes.)
 - 4) Last Resort – Would include Coal and Nuclear generation in the dispatch pool.
- In the further discussion of the details of the Interim solution, it was agreed that the Exclude Pre-process, though quickest to implement, may not be feasible and will have to be further researched. Also upon a comment made that the problem of negative generation seems to disappear in the summer season, mostly likely due to load increase, caused a decision not only consider the Interim Solution and but also focus on the LT Solution because the summer months are soon approaching. This would allow time for the LT solution of a new product type to be implemented before the winter months, where negative generation is more prevalent, possibly without having to use the Interim Solutions. Terms of the decision were that Entergy would research the past pattern of negative generation and make sure that the decrease in negative generation occurrences does happen in the summer months. The group was also in general asked to be paying attention to the models to see if a decrease in negative generations is being seen as summer approaches.
 - The Next Stakeholder Meeting was planned to be a meeting for the entire Stakeholder group due to the fact that a formal decision is to be made on this recommendation before moving to the next issue of Basecase Overloads. The meeting was planned to be in Houston from 9a.m. to 3p.m. on May 2nd.
 - Research to occur prior to May 2nd meeting includes 1) Entergy research into composition of firm import reservations (daily, weekly, monthly, yearly), 2) Entergy determination of what % of excess (above load requirement) is comprised of imports versus internal generation, 3) Paliza Consulting test of the Pre-process Exclude option discussed above using posted models discussed in the AFC Audit, and 4) SPP to research percentage of day-ahead vs. same day confirmed, accepted, and counteroffer requests.