Pursuant to the Federal Energy Regulatory Commission's ("Commission" or "FERC") order issued on May 12, 1999 in the above-captioned proceeding, "Order on Interim Procedures," the Northeast Power Coordinating Council ("NPCC") on behalf of the Member Systems of the New York Power Pool and joined by Allegheny Energy, Inc., Consumers Energy Co., and the Detroit Edison Company, and with the support of Ontario's Independent Electricity Market Operations makes this compliance filing. The Commission stated in its order that “one aspect of the LEER proposal that is unclear is . . . [the] priority afforded to non-firm transmission services that are supported by . . . re-dispatch arrangements to avoid firm load shedding.” Order on Interim Procedures, at 27. FERC directed the Lake Erie Participants to “make a compliance filing providing more specificity concerning that aspect of the proposal that affects the priorities of non-firm transmission services.” Id. This compliance filing is intended to clarify the priority afforded to non-firm transmission services that are supported by re-dispatch arrangements to avoid firm load shedding.

**Intent of Protecting a Transaction under the Lake Erie Emergency Re-dispatch ("LEER") Procedure.**

The LEER procedure's treatment of a "protected transaction" is not intended to change the pro forma tariff curtailment priorities. LEER is intended to make protection available for any transaction that serves firm load and is at risk of curtailment under NERC's Transmission Loading Relief (TLR) procedure regardless of whether that transaction's transmission service priority is firm or non-firm. The choice of requesting that a particular transaction be protected under LEER depends on whether the load served is firm, and is a security decision of the Dependent Control Area. LEER is simply intended to provide an option to avoid the curtailment of firm load resulting from TLR actions. Additionally, under the LEER procedure the use of non-firm transmission to serve firm load is not condoned. In order to discourage this practice, the LEER Procedure states that "[a]ttempts should be made by the dependent Control Areas or their Purchasing-Selling

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1 Formerly the Ontario Central Market Operations.
Entities, where applicable, to secure firm transmission services to support transactions that are required to supply firm load.” LEER Procedure, at p.3.

**The Effect of the Protected Transaction on the Constrained Flow Gate is Effectively Nullified by the Controlling Transaction.**

A transaction protected under LEER gains its protection by virtue of the counter-flow transaction, hereinafter (“controlling transaction”), that effectively nullifies the protected transaction's effect on the constrained flow gate. Put another way, the transaction's impact on the constraint is offset by the counter-flow created by the controlling transaction so that the impact on the constraint is the same as if the transaction actually were curtailed. In the LEER procedure, the effect of implementation was explained as follows: "[t]ransactions for which re-dispatch is implemented shall be protected from further non-firm curtailment on the designated flow gate. Once re-dispatch begins to protect dependent transactions, they are categorized as protected transactions. Any additional loading of the flow gate should not be associated with the protected transactions so long as the re-dispatch action is current.” LEER Procedure, at p. 5.

The protected transaction is no longer contributing to the constraint because its effect is being countered by the controlling transaction. Thus, it is construed to have been effectively curtailed. Curtailing the protected transaction, which will be accompanied by canceling the associated re-dispatch, will have no relieving effects on the constrained flow gate.

**No Transmission Priority is Associated with a Protected Transaction Because it no Longer Contributes to the Flow Gate Constraint.**

As such, the protected transaction is no longer viewed as susceptible to TLR actions and no transmission priority is associated with it. In the case of a partially protected transaction, where the re-dispatch action covers only a portion of the transaction, the unprotected part is still subject to curtailment and retains its original transmission service priority.2 The LEER Procedure does not attempt to place non-firm transactions above firm transactions in priority. Instead, it places any protected transaction, whether firm or non-firm transmission service, outside the group of transactions contributing to a flow gate constraint and outside the group of transactions for which TLR is appropriate.

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2 "Re-dispatch can be applied to a whole or part of a transaction, as required by the magnitude of the dependency. When the re-dispatch action covers only a portion of the transaction, the unprotected part is still subject to curtailment.” Id.
Controlling Transactions are Subject to Curtailment.

The counter-flow, "controlling", transactions are still susceptible to subsequent TLR actions. In accordance with the LEER procedure, transmission reservations are secured on OASIS and the protecting counter-flow transactions are tagged and entered in the IDC according to NERC policies 3 and 9. Reservations for LEER counter-flow transactions would be entered in the OASIS after the fact, but not exceeding a delay greater than four hours. This four hour period for after-the-fact posting of reservations on OASIS is consistent with the time period proposed for posting of OASIS reservations under the NERC Market Re-dispatch procedure and is consistent with the objective of providing information on OASIS as soon as practicable.

The LEER Procedure states: "[i]f the unit(s) designated as the controlling action in the LEER procedure were to trip or become limited or unavailable in any way (e.g., derated or already dispatched to control an unrelated transmission constraint), the constrained SCs/CAs shall immediately notify the dependent SCs/CAs that the re-dispatching service has been modified or canceled. All transactions designated as replacement energy for the controlling transaction shall be canceled immediately.” Id.

Therefore, the controlling transaction could become unavailable through the application of TLR procedures or the curtailment of a controlling generating unit.

If the Controlling Transaction is Curtailed, the Protected Transaction Must be Curtailed.

The Lake Erie participants have agreed that transmission reservations for LEER emergency purchases would be reserved as non-firm hourly (bucket 2). All parties to a LEER transaction are responsible for entering the appropriate transmission reservations pertaining to their portion of the transaction into their OASIS nodes and creating the appropriate NERC tags that are needed to support the LEER counter-flow transaction. Since the protected transaction and the controlling transaction require each other to remove their contribution to the constraint, it is necessary to curtail them both if one is curtailed.

Conclusion

If a controlling action and the transmission service for it are curtailed by NERC TLR actions, the protected transaction will also be curtailed. Either the protected transaction is removed from the group of transactions appropriate for TLR by the controlling transaction’s effective nullification of the protected transaction (effectively curtailing the transaction), or the controlling...
The transaction itself is curtailed and the protected transaction is curtailed with it. In neither case is a protected transaction whose service priority was non-firm given higher priority than a transaction whose service priority was firm.

Respectfully submitted,

Edward A. Schwerdt
Executive Director
Northeast Power Coordinating Council
1515 Broadway, 43rd Floor
New York, NY 10036-8901

Andrea J. Chambers
James M. Brennan
LeBoeuf, Lamb, Greene & MacRae, L.L.P.
1875 Connecticut Avenue, NW
Suite 1200
Washington, DC 20009-5728

Attorneys for Northeast Power Coordinating Council

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