Final Meeting Minutes
Lake Erie Security Processes Working Group
Thursday, March 8, 2001
TGI Friday’s, Pittsburgh Airport

Meeting Attendees:

Karl Tammar (Chair) NYISO ktammar@nyiso.com
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Larry Alderink MECS alderinkl@mepcc.com
Dan Boezio American Electric Power drboezio@aep.com
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Paul Roman NPCC proman@npcc.org
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Simon Tam PJM tamsk@pjm.com

1. Administrative Items

Chairman Karl Tammar requested that any roster updates be provided. Paul Roman will make any revisions and post the roster file on the NPCC web site. Ken Lotterhos now works for the Law firm LeBoeff, Lamb, Greene & MacRae. If any filings or formal comments are required then it was suggested that Ken be contacted to work on them because of his past experience with such activities.

The main objectives of this meeting are for the group to reorganize and focus their efforts on current interregional operating issues that are a concern in the Lake Erie region. The last meeting of the group was in May 2000. A conference call was held in June 2000 to review the summer 2000 LEER drill results.

Review Scope

Paul Roman will locate the scope document and send it out to the members for review and will post it on the NPCC web site.

2. Report on Related Activities

Northeast ISO/Memorandum Of Understanding (MOU) Collaboration

Simon Tam mentioned the ISO/MOU pilot program on congestion management among the ISOs. A subgroup of the ISO/MOU Operations Working Group is looking at a pilot program to do curtailments for 2001 summer. Karl Tammar added that it is worthwhile to evaluate the potential for counter dispatch transactions in New York because of the pricing mechanisms that are in place. This would similarly apply for PJM. Karl Tammar, Simon Tam and Pete Henderson will check within their organizations regarding what the ISO MOU subgroup is doing regarding system redispatch. It is necessary to ensure that we do not duplicate efforts.
MIC/ CMS

Karl Tammar indicated that the NERC Compliance Review Working Group (CRWG) has moved away from supporting system redispatch. They are supportive of TLR methods and various tools (such as CMS, FLOWBAS, IDC). Karl Tammar is chairman of an RTO coordination group, which will hold a workshop during Fall 2001 on RTO congestion management and RTO seams issues.

TLR Cutoff

IMO indicated that more TLR 5 occurrences are likely during Summer 2001. Larry Alderink will send out the TLR 5 implementation information procedure.

Dan Boezio added that it has been proposed at the NERC Security Subcommittee that the curtailment response factor thresholds for TLRs vary based upon the voltage class of the monitored equipment. Proposed default thresholds are 6% for 500 kV and higher, 5% for 345 kV, 4% for 230 kV and 3% for 161/138 kV. During the February NERC Security Subcommittee meeting approval was sought for this TLR threshold change. However, discussion was postponed to a conference call and eventually tabled until the April NERC Security Subcommittee meeting. It appears that NERC approval is not likely for summer 2001. If the Security Subcommittee approves this measure (Appendix 9C1A) at the April meeting, the earliest realistic time for approval by the NERC Operating Committee is at their July meeting.

The NERC Security Committee did pass a motion at the February meeting that no firm transactions should be held up for TLRs Level 1 through Level 4. TLR 5A or B then can cut into firm transactions on a pro-rata basis along with curtailments to native load and network service. Previously, “late” firm transactions were held in a TLR 3A and all new or increasing transactions including firm were held in TLR 3B.

During debate on this motion differences between Security Coordinator and marketer positions on tag submittals were also discussed. Presently, all transactions need to be approved and in the IDC by 25 minutes after the hour in order to be considered for reallocation/reloading at the top of the hour on a transmission service priority basis. There had been objections by the marketing community that the present method of implementing TLR curtailments provides no means for an entity to reliably provide service to customers via firm point-to-point transmission service. Further, that the method of implementation unfairly singled out firm point-to-point transactions while native load is not affected. FERC has received comments on this “comparability” issue. Ben Li had provided a minority opinion on why during a TLR 3B it is unadvisable to allow new or increasing firm transactions to load when no room has been made for those transactions on the constrained flowgate. It appeared that many Security Coordinators agreed with his opinion but did not formally object to the motion.

RTO Coordination

The LESPWG discussed RTO and market progress/changes. Alliance RTO start up was discussed. Dec. 15 is supposed to be the Alliance RTO startup date. Larry Alderink indicated that Michigan was considering market types but implementation has not progressed quickly. Dan Boezio mentioned that the ARTO will use a flowbased approach (flowgate rights) for the forward market and LMP of generation for real-time congestion
management. However, when the ARTO starts it is not likely this marketing mechanism will be in place.

Bob Kissner reported that a FERC filing will be done within weeks to make PJM operator of the PJM West system. PJM will conduct all ISO functions for the Allegheny Power area. The target date for implementing this is December 15, 2001. Dick Kovacs indicated that ATSI may choose another Security Coordinator to replace AP. Duquesne Light had not determined if PJM West would assume their operator responsibilities because of a problem with the provider of last resort issue within Pennsylvania. In Pennsylvania stranded cost rates are tied to the customers.

3. Status of LESP Tools

Generation Shift Factor Viewer

Bing Young (Hydro One) had previously prepared a sorting routine that helped limit the selections on the GSF viewer and eliminated duplication of GSF between generators. Pete Henderson will check with Ron Falsetti if this was of any value and should it be used versus the GSF viewer.

SCIS/IDC

Karl indicated that during the last LEER drill, the SCIS was used along with the LEER hot line. IDC is used in the actual LEER drills to do the analysis of the counterflow effect of a LEER transaction (since MRD counterflows are now reflected in the IDC). SCIS is used in steps and helps notify those outside of the LEER participants but the hotline is used more in the actual LEER Drill Process.

Communication/Hotline

Pete Henderson indicated that when IMO did the last LEER Hotline test they had trouble accessing the AP LEER number. Karl will get the latest update from Allegheny Power and will then reissue the list to the LESPWG for review and revision to make sure the contact numbers are correct.

4. Discussion of System Redispatch Approaches

Market and system resdispatch approaches were discussed. Karl Tammar initiated discussion on the Lake Erie System Redispatch process. The approach during non-emergency conditions is to avoid the need to curtail large transactions. It is initiated by the Security Coordinators and is done quickly.

The market rules in Northeastern North America are becoming more similar. The LESPWG will identify cross border bidding mechanisms that are market based and allow an ISO to make non-cost related decisions. This is acceptable if the objectives don’t conflict with tariffs or in place agreements and choices are up to market participants. Karl added that in New York counter flow transactions can be done based on market price.

Pete Henderson initiated discussion on which price should be used with the LEER procedure. The LEER procedure indicates that the price is based on an emergency tariff. Denis Ackerman
discussed financial risks and who assumes the costs. Karl Tammer added that for LEER, presently, there are not any real requirements for credit ratings of market participants.

In New York, PJM and Ontario (OPGI requirement) there is a need for market participants to provide credit assurances. In New York the ISO bears credit risk of the market participants. If a party defaults then the ISO covers for all market participants.

The conditions for calling a LEER in PJM were discussed. In PJM if a New York to PJM transaction were involved then a LEER would be called rather than shedding load. In 1999 only one PJM LEER was contemplated but it was not implemented.

Larry Alderink reported on the market situation in Michigan. There is not an open market now in Michigan and non-affiliated generators have to make sales via contract paths through Detroit Edison or Consumers Power. Before the end of 2001 the generating participants will need to provide generation market-sensitive information to MECS. A power exchange will then be implemented.

For the next LESPWG meeting Karl Tammar will provide a strawman document on Lake Erie system redispatch. This will be a modification of the existing paper but will include the latest ideas regarding a cost index (e.g. 115% of Cinergy index).

5. LEER Procedure Training

Standard Training Materials

Karl Tammar proposed that common training materials be used for the LEER procedures (e.g. NERC TLR Compact Disk for training). The LESPWG discussed this proposal and agreed that a common set of slides/information should be used (e.g. Power Point Presentation). During training sessions the procedures and materials should be distributed. Prior to the next LESPWG meeting each participant will submit their materials for all to review. Common items and new and different ideas can then be shared. Simon Tam suggested that with a common set of training handouts each area can insert a local example that is pertinent for application.

Training Sessions

During past LESPWG discussions a common training session for LEER had been anticipated during Summer 2001. However, it appears that it may not be possible to get most necessary operators together at a single session (e.g. due to shiftwork, other April training in each area, etc.). It was agreed that all participants cover the LEER topics in their own training sessions.

6. LEER Procedure Drill/Dry Run Preparations

The group discussed the possible dates for the procedure drill. In mid-May there are emergency procedure drill conflicts. Karl Tammar requested each participant to check their operations staff for availability. The first week in June would be targeted. Response will be to Karl with dates that are acceptable. The IMO-MECS interface was conditionally selected as the drill flowgate. Larry Alderink and Pete Henderson will check on the viability of this flowgate for the drill.
Pete Henderson indicated it may be hard for the IMO to participate in the drill because of market preparation and other conflicting activities. Bob Kissner suggested the drill should be used to obtain live generation shift factors.

7. Update on Michigan-Ontario PARs (DTE, MECS, IMO)

Pete Henderson and Larry Alderink reported on the status of the St. Clair – Lambton 230 kV L4D PAR addition schedule and on the operation on the interface PARs. The most recent schedule for the L4D addition indicated a June 2001 service date. The L4D PAR apparently has failed several factory tests. The Bunce Creek – Scott 230 kV B3N PAR still needs a US DOE permit. IMO stated they would operate the PARS in normal conditions so that flow equals schedule but can deviate from this during emergencies. Larry Alderink will contact Tom Vitez at Detroit Edison to determine which actions are necessary to obtain the Presidential Permit for the operation of the PARs. Also, there is no completed agreement between the PAR owners (Detroit Edison and Hydro One). It appears likely that there will be many TLRs this summer if the L4D PAR doesn’t make it in service, operating approvals are not granted or operating agreements are not reached. Paul Roman reported that the 2001 summer MEN study has the PARs modeled controlling to scheduled transactions. In the transfer cases the PARs are moved in the direction to provide emergency assistance. Last year a white paper was developed for the JIRC (Joint Inter-Regional Reliability Committee) regarding "Utility Practices in Phase Angle Regulator Operation". Based on this white paper PAR operations under Normal Conditions are:

PAR flow may normally be maintained close to a desired or scheduled flow, within an appropriate deadband and response time. PARs should be operated so as not to cause emergencies in other parts of the network. It is recognized that under unconstrained conditions a certain amount of parallel flow may be tolerated if it does not impair another system’s reliability.

When Operating Security Limits are not encountered in the interconnection and if operating to a target is not necessary, PARs may be left at the current tap. This tends to minimize the number of tap changes required and reduce maintenance and therefore increase the life and availability of the PAR equipment.

8. Future Meetings

- Two future meeting dates were scheduled for Pittsburgh Airport. The dates are Wednesday, April 11 and Wednesday, May 23 at 9:00 am to 3:30 pm. Bob Kissner will make the arrangements.
- Two conference calls were scheduled. The times are 10:00 to 11:00 am on March 28 and on May 2. Paul Roman will make arrangements for the conference calls. A third conference call may be needed before the drill and will be set at the next meeting.

ACTION ITEMS

- Paul Roman will post the updated LESPWG roster on the NPCC web site.
- Paul Roman will locate the scope document and send it out to the members for review and will post it on the NPCC web site.
• Each participant to check with their operations staff for availability for procedure drill. The first week in June would be targeted.
• Larry Alderink and Pete Henderson will check on the viability of the IMO-Michigan Interface as the flowgate for the 2001 drill. The drill date will be June 6 and the backup date is June 13.
• Larry Alderink will issue the TLR 5 implementation information procedure to the LESPWG members.
• Pete Henderson will check with Ron Falsetti if the GSF viewer sorting routine is of value and should it be used versus the GSF viewer.
• Karl will update the LEER participant contact list and reissue the list to the LESPWG for review and revision to make sure the contact numbers are correct.
• Karl Tammar, Simon Tam and Pete Henderson will check within their organizations regarding what the ISO MOU subgroup is doing regarding system redispatch. For the next LESPWG meeting Karl Tammar will provide a strawman document on Lake Erie system redispatch.

Prepared by:
Paul A. Roman

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Draft for Approval Minutes issued April 9, 2001.
Final Minutes issued and posted on April 16, 2001.