Final Minutes
Lake Erie Security Processes Working Group Meeting
Wednesday, April 11, 2001
Pittsburgh, Pa.

Meeting Attendees:

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1. Administrative Items

Paul Roman had revised the Lake Erie Security Process Working Group (LESPWG) roster (last update on April 10) and posted it on the NPCC web site. Ron Falsetti should be designated as the primary IMO representative on the LESPWG. Revisions to the mailing list were provided to Paul.

The minutes from the March 8 meeting were approved as revised. Paul will make the revisions and post on the NPCC web site.

Paul Roman had issued the year 2000 version of the scope document. All are to review it to see if any changes are needed.

2. Report on Related Activities

Northeast ISO/MOU Collaboration

Karl Tammar reviewed slides describing the ISO/MOU generation redispatch approach. Simon Tam discussed the assumptions included that pertain to the pilot program. The pilot program focuses on redispatch based on specific limiting equipment.

Simon discussed some generation adjustment examples. For a dispatchable transaction the price goes up and then a unit is loaded. In order to make a generation shift there is implied congestion. Fund collection is very similar to how payments are handled in the LEER procedure. An example of the ISO/MOU procedure was very similar to a LEER example. The Working Group will request that someone from the ISO/MOU discuss the MOU redispatch approach at the next LESPWG meeting.
MIC/ CMS

The LESPWG discussed the NERC MIC SRD (system redispatch) procedure TLR summary slides. These slides address the application program interface and outline how to use the process. It was observed that the process acts like an automated power exchange.

The NERC MIC SRD procedure does not really address two of the biggest LEER issues: 1) credit worthiness and 2) the settlement system.

Regarding the settlement system associated with the LEER procedure Karl Tammar asked if the participants were comfortable with the suggestion from the March 8 meeting to use an index (e.g. Cinergy index) to determine a fair price of power at a particular time. This was found to be acceptable. The pricing mechanism will be folded into the procedure. Karl will revise the strawman document to include this and will issue to the LESPWG members for concurrence.

RTO Update

It was reported that an agreement on collaboration had been reached by the Alliance and Midwest RTOs.

Bob Kissner observed that there is no reference regarding a next step in the process. He suggested checking on whether the Alliance RTO would be interested in participating.

Larry Alderink reported that as of midnight March 31 the original MECS agreement and the MECS Joint Merchant function were terminated and two separate sub-Control Areas now operate within the MECS control Area. The Merchant affiliates of Consumers Energy and Detroit Edison perform the load following and AGC functions and are responsible for the CPS, DCS and reserve compliance for their individual sub-areas. This is done under the oversight of the MEPCC Control Area Operator. Flowgates are presently being determined to better identify the internal interconnections. Transmission operations for the Consumers Michigan Electric Transmission Company (METC) and Detroit International Transmission Company (ITC) will continue to fall under the direction of the MECS who will continue to function and report as a single Control Area.

3. Status of LESP Tools

Simon Tam stressed that TLR training materials need to be available for operators. Ron Falsetti indicated IMO was trying out a NERC training tool (a CD) to show how to use GSF. This is being done as part of seasonal operator training. It is believed that the
NERC Personnel Subcommittee has related training materials. LESPWG members will check on this.

Larry Alderink reported that a LEER HOTLINE test was initiated yesterday (4/10) by the MECS and all participants responded.

4. Discussion of System Redispatch Approaches

The LESPWG reviewed the ISO/MOU redispatch approach (discussed in section 2, above) and the NERC Market Redispatch (MRD) approach. Karl Tammar initiated discussion of general items related to application of the market redispatch approach. Some main points that arose during the discussion were:

- Choice of requesting that a transaction be protected. Marketer involvement needs to be “predetermined”. Denis Ackerman questioned whether New York financially covers (i.e. credit risk) the redispatch action for a transaction in Ontario. Reciprocity of credit is felt to be a significant issue related to market redispatch.

- Ron Falsetti indicated that risk assessment/risk of curtailments is a major concern. Denis Ackerman suggested that the NERC FIST program should help address this issue. It could be used to evaluate transactions, which have been prescheduled.

- The use of an index to determine price is still a concern. The decision of participating or not participating in a redispatch needs to be made very quickly and there is normally only time for a single iteration to determine a bid. Most marketers prefer a telephone call to determine whether they are in or out.

5. LEER Procedure Training

Training slides from the LEER participants had been submitted to Karl Tammar. The slides submitted by Ron Falsetti for the IMO have been selected as the base set for the common training materials for LESPWG. Some of the slides from PJM submitted by Simon Tam had been added into the set of slides. The set now includes about 30 slides. Karl Tammar went through all slides and LESPWG reviewed each. Karl will incorporate the revisions suggested during the meeting and will send them out to the participants. Karl suggested that if comments/new points come up during presentations by members to operators then they should be shared among LESPWG participants for information and to revise the training materials next year.

Dan Boezio stressed a clarifying point regarding the priority of transactions. The objective of the LEER procedure is to protect firm load served by non-firm transmission service through generation redispatch in lieu of TLR curtailments. If system conditions reach the state where a firm point–to-point transaction is curtailed and the next step is to implement a LEER transaction in order to avoid dropping native load, then at that point the protected and protecting transactions must be free of TLR actions on the flowgate...
initially of concern because they are countervailing and effectively cancel each other. This freedom from TLR action applies only to the flowgate for which the LEER transaction was implemented. The protected and protecting transactions remain subject to TLR actions on other flowgates.

6. LEER Procedure Drill/Dry Run Preparations

The June 6, 2001 drill date and targeted flowgate (IMO-MECS) were confirmed. The backup date is June 13.

Tagging had not been done as part of the year 2000 drill/dry run. All necessary market redispatch tools had not been in place until October 2000. The LESPWG agreed to include tagging as part of this year’s drill. Two transactions will need to be entered in the IDC. It was agreed that tagging would help keep things organized.

The specific concerns with the use of tagging in the drill were discussed. Bob Kissner suggested that the LESPWG get an entity to do the tag for the drill. Ron Falsetti suggested that the sink PSE create the tag, however, if necessary the Control Area can create a tag on behalf of the PSE, since we are addressing emergency actions. A test tag could go to the test IDC system (the training simulator). Karl suggested that part of the drill should include having the operators write a tag for Market Redispatch transactions. Ron Falsetti pointed out the concern of using MRD tags to protect a partial transaction from curtailment, which LEER allows, but the MRD procedure and associated tools do not. Further noted that the IDC performs its analysis of flowgate impact on TDFs while the LEER process calls for the use of GSFs to determine if the protecting transaction provides adequate counter flow. Larry Alderink agreed to have tagging tested prior to the drill. He will check back with Len Brown regarding protection of a partial transaction. Larry will report back on this during the May 2 LESPWG conference call (subsequent to the meeting was changed to May 3).

If any revisions are needed in the drill procedure document members are to provide their revisions/comments to Larry Alderink. Denis Ackerman suggested that transfer distribution factors (TDFs) could be used as well as generation shift factors (GSFs) to perform market redispatch. The earlier intention had been that generators may be chosen close to a transmission limit and would have more impact and control on reducing the limit. It was agreed that market redispatch could be achieved by other means than GSFs.

Simon Tam pointed out that there may be lost opportunity cost for generators that take part in redispatch. He discussed an example where a 600MW redispatch is requested but only 500 MW is implemented.

7. Update on Michigan-Ontario Phase Angle Regulators (PARs)

Larry Alderink reported on the latest status of the Lambton-St. Clair 345 kV L4D circuit PAR. It is scheduled to leave the factory on June 11 and be placed in service on August 15, 2001. The DOE permit expected approval date is still not known. The Interchange
Distribution Calculator modeling will be corrected to consider the operation of the Michigan-Ontario PARs.

8. Future Meetings

- May 2, 2001 Conference Call (1000-1100 EDT). Subsequent to the meeting this was changed to May 3.
- May 23, 2001 – Pittsburgh
  Bob Kissner will make arrangements at the Hyatt (other side of the airport) for the May 23 meeting. This is to accommodate a larger crowd, anticipating attendance by some ISO/MOU members.
- Thursday June 21—Pittsburgh.

Prepared by: Paul A. Roman
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Final Minutes Posted on NPCC web site June 4, 2001.