Final Minutes
Lake Erie Security Processes Working Group Meeting
Wednesday, August 29, 2001
TGIF-Pittsburgh Airport
Pittsburgh, Pa.

Meeting Attendees:

Karl Tammar (Chair) NYISO ktammar@nyiso.com
Larry Alderink MECS alderinkl@mepcc.com
Carl Bridenbaugh First Energy bridenc@firstenergycorp.com
Jim Cyrulewski Detroit Edison/ITC cyrulewick@dteenergy.com
Nicole Fagnani PJM fagnan@pjm.com
Ron Falsetti IMO ron.falsetti@theIMO.com
Bill Karcagi First Energy karcagw@firstenergycorp.com
Bob Kissner Allegheny Power jkissne@alleghenypower.com
Paul Roman NPCC proman@npcc.org

1. Administrative Items

The minutes from the June 28 meeting were approved as revised. Paul will make the revisions and post on the NPCC web site. Bob Kissner intends to remain as the Allegheny Power (AP) representative on the LESPWG and AP will continue to host the meetings. It is expected that PJM will report on relevant PJM West functions.

2. Future Direction of the LESPWG

Karl Tammar opened discussion on any need for repositioning of the group for the future based on industry changes. With the creation of the RTOs LESPWG will still have prominence because the seams issues which LESPWG addresses will still lie between the anticipated RTOs and between Control Areas in the anticipated Northeast RTO.

3. Report on related Industry Activities and Issues

FERC RTO Mediation

LESPWG discussed what was known regarding the RTO mediation hearings. It is envisioned that the entire process will take several years. The Administrative Law Judge is expected to issue recommendations in late September. The ISO Memorandum Of Understanding had been addressing many of the same items that the RTOs are expected to improve such as: reserve sharing, ancillary services, ACE Diversity Interchange. The Midwest ISO (MISO) and Alliance RTO (ARTO) startups are still scheduled for mid-December 2001. No mediation hearings have yet been scheduled for MISO and ARTO. National Grid has filed to be the managing entity of the ARTO. ARTO would be Security Coordinator.

Congestion Management Systems
Karl Tammar mentioned the latest status of the congestion management system. This system is based on a bidding system.

**Market Redispatch (MRD)**

The participants discussed market redispatch implementation. It was observed that the method doesn’t pinpoint a fixed price and, therefore, it is hard to distinguish from a system redispatch. It is not known if any such market redispatch actions have been implemented in real system operation. The NERC Congestion Management Subcommittee is considering the use of the term Bilateral Redispatch (BRD) to replace the present MRD term.

**TLR Cutoff**

The proposal for this has made no progress.

**System Redispatch (SRD)**

The LESPWG discussed the use of system redispatch. It is expected that compensation for SRD should be at some premium. There are advantages of SRD under OSL: 1) it is much faster than invoking TLRs, 2) transactions are protected and 3) it keeps the System Operator away from economic decisions. A clear settlement process is still needed in order to move ahead with SRD application. Jim Cyrulewski mentioned that the Alliance RTO imbalance market will provide a price. The SRD option may be useful for those entities that didn’t put into place a power exchange.

**RTO Coordination**

The filing of the OASIS Phase II Business Practices by the NERC Electronic Scheduling Collaborative (ESC) has been affected by the RTO Mediation Ruling and hearings. Initially a letter will be issued from the ESC to FERC requesting meetings with FERC staff to confirm the proper direction of the ESCs activities. Filing of the Business Practices will be done later.

There will be changes in coordination needed by January 1 when AP functions will be integrated within PJM. The Available Transfer Capability values will then be reported by PJM. Ron Falsetti reported that the IMO market is now scheduled to open wholesale and retail markets in March 2002. Announcements regarding this were posted on the IMO web site on August 27.

**Alliance RTO Role in LEER**

The signatories to the LEER Agreement were all Control Areas (CAs). This included AEP, AP, IMO, NYISO, PJM, Michigan and First Energy. AP has been a Security
Coordinator (SC) but will not be after PJM West goes into effect. AP will be dispatched dynamically via PJM.

Alliance RTO will be the new SC for AEP, MECS and First Energy. NYISO, PJM and IMO have the authority to have generators take action to participate in LEER. The meeting participants felt that Alliance RTO should also sign on to the LEER Agreement. Carl Bridenbaugh noted that some Alliance RTO members may have concerns with such a commitment. The participants felt that it is necessary for Alliance RTO to participate in LEER, even if it is in a role supporting AEP, AP, Michigan and First Energy. Carl Bridenbaugh will provide information to the Alliance RTO regarding LEER activities and participation. He will check with Alliance RTO to assess the expected future Alliance RTO role and class of representation in LEER activities.

4. Status of LESP Tools

GSF Viewer/SCIS/IDC

Karl Tammar reported on progress in making changes to these tools. Regarding the IDC, OATI is making changes. NERC Policy 9 extensions are under way. Regarding the GSF Viewer changes there is apparently no recent progress.

It was reported that there had been large Area Control Error (ACE) values during the previous weekend (August 25-26). Apparently, a time error correction done in the MAPP region had been done at an inappropriate time. Karl Tammar suggested that it may have been appropriate to conduct a LEER hotline call as a follow up on the time error correction.

Communication/Hotline

Previously, suggestions had been made to change the definition of the LEER Hotline Call. However, this definition had been included in the LEER Agreement, which had been filed with FERC. Karl suggested that the definition change be included in the LEER Operations Manual rather than in the LEER Agreement.

Confirm changed definition of LEER Hotline call. Paul Roman will insert the changed definition into the Operations Manual. The LEER Agreement content will not be changed as it has been filed with FERC.

The hotline test will be conducted as normal on Labor Day. The hotline backup test will be run on Sept. 10. (the backup test will be delayed)

Karl Tammar will circulate the Hotline primary phone numbers to the 6 LEER participant control rooms of Security Coordinators. This is to check and confirm that these are the correct numbers. Then the set of backup control room numbers will be confirmed.
**Review of Operating Manual Section B revisions (Back-up procedures and alternate use)**

Karl had made some revisions to Section B of the Operations Manual related to back up procedures. The LESPWG found all changes to be acceptable. The Working Group discussed expanded Section B language on the hotline. During the next hotline call as soon as the media test has been completed AP will initiate the back up plan to ensure all parties get on the hotline call. This will provide a test of the back up procedure.

**NERC FIST**

NERC had indicated that a sufficient number of industry participants were not yet committed to the use of FIST to cover the cost of the development of FIST. Larry Alderink indicated that the Michigan companies have used a different flow analysis tool other than FIST and have been satisfied with it.

**5. NERC Policy 5 Redispatch Requirement Concerns**

Bob Kissner reported on ECAR meeting discussions of NERC Policy 5 changes. A concern had been raised that upon the return to a normal dispatch following an emergency redispatch, the unwinding might create a loading problem on some other flowgate. This could affect LEER because participants may be hesitant to participate in the redispatch because they may not be able to back off without financial penalty.

It was pointed out that the Open Review comment period for Policy 5 had closed on August 17. However, the LESPWG felt that this was a significant concern and should be transmitted to the NERC Security Coordinator Subcommittee. Karl Tammar had drafted a set of questions that could be issued to obtain clarification on the meaning of the changes to Policy 5.

**LESPWG will develop a set of comments/clarification questions on Policy 5. Karl Tammar will E-mail these to LESPWG for discussion during the Sept. 6 LESPWG Conference Call. Karl will notify NPCC Task Force on Coordination of Operation with any additional comments on this issue.**

**6. LEER Procedure Training**

Discussion of this topic was deferred to the September LESPWG meeting.

**7. LEER Settlement Processes**

Karl Tammar had checked with the NYISO accounting staff to assess the billing process that would be applied following a real LEER emergency redispatch. Bills would be sent to the dependent area. The sink area would be expected to pay the dependent area. Ultimately the source area would be paid after the fact.
Jim Cyrulewski indicated that the existing IMO-MECS Agreement addresses emergency billing/payment but not specifically for LEER. After the fact billing would likely be based on any existing emergency agreements in place.

All LESPWG participants will check with their organizations on buying or selling to non-adjacent regular parties in bilateral sale agreements to see how they would be able to settle billing. They will also check on third party billing and logistics on how to do this (e.g. sink area gets after the fact payment from the dependent area and how this would be settled).

8. LEER Procedure Drill Review

Discussion of this topic was deferred to the September LESPWG meeting.

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

The Ontario and Michigan representatives provided an update on the status of the PARs. The PAR in the Scott-Bunce B3N circuit had been returned to service on August 23 but tripped and was again removed on August 28. The L4D circuit PAR is presently scheduled to be placed in service late this year (November target). The L51D PAR is scheduled for service during Spring 2002. The Keith-Waterman J5D circuit PAR has been in service without problem. An Agreement on operation of the J5D and B3N PARs is nearly complete.

10. Future Meetings

Wednesday Sept. 26 (subsequently changed to Monday Sept. 24)
Thursday November 1
Thursday December 6

It is also intended to invite people familiar with billing practices to one of the future meetings.

Conf Call—Thurs. 9/6 10-noon
Conf Call—Mon. 9/17 10-noon

Prepared by Paul A. Roman
Draft for Comment Minutes Issued on September 14, 2001.
Final Minutes Issued and Posted on September 28, 2001.
Final Minutes Reposted with Corrections October 17, 2001.
1. Paul Roman will make the revisions to the June 28 meeting minutes and and post on the NPCC web site. (Completed)

2. LESPWG participants who are in Alliance RTO: Check if there is any index in Alliance ARTO that would be more viable for use of marketers than the Cinergy index.

3. LESPWG will investigate their posting and coordination procedures. If the ATC numbers at the interconnection between two Control Areas are different, then the lower value will be considered the reportable ATC. Nicole Fagnani will check on the PJM and PJM West procedures. Carl Bridenbaugh will check on the First Energy and AEP procedures. Bob Kissner confirmed that PJM has responsibility for reporting PJM West ATCs.

4. The hotline test will be conducted as normal on Labor Day. The hotline backup test will be run on Sept. 10. (the backup test will be delayed)

5. LESPWG: Confirm changed definition of LEER Hotline call. Paul Roman will insert the changed definition into the Operations Manual. The LEER Agreement content will not be changed as it has been filed with FERC.

6. Karl Tammar will circulate the Hotline primary phone numbers to the 6 LEER participant control rooms of Security Coordinators. This is to check and confirm that these are the correct numbers. Then the set of backup control room numbers will be confirmed. (Completed. The list has been forwarded to the Control Areas.)

7. Comment period for Policy 5 just closed on Aug 17. LESPWG develop any comments on Policy 5. E-mail them to LESPWG and discuss during Sept. 6 LESPWG Conference Call. Karl will notify NPCC Task Force on Coordination of Operation with any additional comments on this issue.

8. All LESPWG Participants: Check with their organizations on buying or selling to non-adjacent regular parties in bilateral sale agreements to see how they would be able to settle billing. Also check on third party billing and logistics on how to do this (e.g. sink area gets after the fact payment from the dependent area and how this would be settled).

9. Carl Bridenbaugh will provide information to the Alliance RTO regarding LEER activities and participation. He will check with Alliance RTO to assess the expected future Alliance RTO role and class of representation in LEER activities.

Future Meetings and Conference Calls

Meeting: Mon. Sept. 24 (Meeting changed from original 9/26 date)
Meeting: Thurs. Nov. 1
Meeting: Thurs Dec. 6
Conf Call: Thurs. 9/6 10-noon (Done)
Conf Call: Mon. 9/17 10-noon

P. Roman 9/7/01