Final Meeting Minutes
Lake Erie Security Process Working Group Meeting
Thursday-Friday, December 6-7, 2001
Crowne Plaza-Detroit Metro Airport
Romulus, Michigan

Meeting Attendees:

Karl Tammar (Chair) NYISO ktrammar@nyiso.com
Larry Alderink MECS alderinkl@mepcc.com
Ron Bauer Detroit Edison Merchants bauerr@dteenergy.com
Ron Falsetti IMO ron.falsetti@theIMO.com
Bob Kissner Allegheny Power jkissne@alleghenypower.com
Paul Roman NPCC proman@npcc.org

1. Administrative Items

The minutes from the August 29 meeting had been approved as final during an LESPWG conference call and had been posted on the NPCC web site. The LESPWG held several conference calls since the August meeting. Paul Roman mentioned that for security reasons most of the material previously placed on the NPCC web site had been withdrawn. Provisions were being made to allow password access to particular material, which may relate to system security, on the web site. The LESPWG material had been among the material withdrawn from the web site. Karl Tammar pointed out that if the LEER Agreement and the Operations Manual cannot be returned to the public section of the web site because of security concerns, then a letter will need to be written and sent to FERC. The letter will need to explain why the previous posting requirements cannot be met. **Action: Paul Roman will check if these documents can be returned to the web site and will notify the LESPWG members regarding this.**

**Action: Karl Tammar indicated that Lydia Vollmer and Herb Yan had both left PECO and that replacement participants from PECO should be sought.**

2. Settlement Example

During the last conference call it had been agreed that a settlement example was needed to clarify the application of the Lake Erie System Redispatch.

The LESPWG developed a settlement example described by the following:

- The protected transactions could include: a 200 MW AEP sale, a 200 MW First Energy sale and a 100 MW Consumers/MECS sale.
- The redispatch involves a 100 MW generation increase in a PJM unit (INC) and a 100 decrease at a NYISO unit (DEC).
- The decrease in generation involves a unit operating at 1000 MW that is reduced by 100 MW.
• Assuming a $30/MWhr operating cost the lost opportunity cost for that unit would be $3000/hr (100 MW x $30/MWhr).
• The increase in generation involves a unit with an operating cost of $50/MWhr so the cost for the 100 MW increase is $5000/hr.
• The total cost for the increase and decrease is $8000 = $3000 + $5000.
• The beneficiaries would pay the cost of the increased unit (AEP $2000, First Energy $2000 and Consumers/MECS $1000 = $5000).

Ron Bauer pointed out that Control Areas would not be able to buy non-emergency power. He also raised a concern that some players might be able to game the system because of the variations among market prices in different regions. In addition, market participants may be unwilling to participate.

It was suggested that the Midwest ISO energy imbalance price may be a fair cost to use in settlements.

The LESPWG will fine-tune this example for possible use in documents describing Lake Erie System Redispatch.

3. NERC Policy 5 Requirements Concerns and LESPWG Position

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.

LESPWG reviewed the draft paper “Resumption of Normal Dispatch under the LEER Procedure”. Ron Falsetti questioned the statement in the paper that the LEER procedure is voluntary. The topic of resumption of normal dispatch will be addressed during a NERC Reliability Subcommittee meeting during the following week and several LEER participant representatives (Larry Alderink, Jim Castle and Ben Li) will be attending. LESPWG needs to address the treatment of a second limitation that becomes evident after an emergency redispatch is no longer needed. It was agreed that the second limit should be treated as a separate event. Karl Tammar suggested that language on this item is necessary in the LEER Agreement. **Action: Karl Tammar will draft language on this in “Memo of Understanding” form and fold it into the LEER Agreement.**

4. Signatories to LEER for 2002

Karl Tammar questioned which entities will continue to be involved with LEER during year 2002. The Working Group discussed how the Midwest ISO and the Alliance RTO fit within the LEER Process. These entities are Security Coordinators, and to arrange for redispatch actions they would need to contact the appropriate Control Areas.
Larry Alderink questioned when Transelec (buyer of the Consumers Power system--138 kV and above) would need to be a LEER signatory. LESPWG felt that would not be appropriate until year 2003.

5. Billing Considerations

Karl Tammar suggested that a summary should be developed for the billing manager contacts of all participants. Action: All LESPWG participants will send a list of billing manager contacts to Paul Roman. Paul will assemble and send out for confirmation. Action: Ron Falsetti will add slides to the training materials regarding billing and collections.

6. Lake Erie Redispatch (LERD) Implementation Requirements and Plan

Karl Tammar suggested that the LESPWG hold meetings in January and February of 2002 to refine the Lake Erie Redispatch Agreement (LERD). The goal is to complete the Agreement and file it with FERC in April.

However, it is desirable to have MISO and ARTO participation and input before completing the Redispatch Agreement. The Redispatch Agreement should have the Settlement Example (see item 2, above) added to clarify the details.

LESPWG discussed and reaffirmed that the Redispatch Agreement should be a separate agreement and not be included as part of the LEER Agreement. That is because LEER applies for emergency and LERD applies for non-emergency and the settlement mechanisms are quite different. Action: Each participant will review their individual tariffs for differences between emergency and non-emergency.

7. Status of LESP Tools

Information to the Marketplace

Ron Bauer expressed the concern that market participants really need to know costs in order to participate. There needs to be a mechanism in place to provide necessary information to market participants so they can determine if it is feasible to do a redispatch. Karl Tammar reviewed the availability of types of system information needed to implement redispatch. Generator information is generally not accessible. Information on TLRs is accessible and can be reviewed. Ron Bauer questioned which prices would be posted and visible. New York can post 11 prices, one for each zone. The Marcy Bus price could be indicated. Ron suggested that the Control Area with a congested flowgate should provide information on cost. For example, when a Control Area declares a TLR Level 1 then it should also indicate a relief cost. With TLR Level 1 there is list of transactions in peril of being cut. This may obviate the need for intervention or for LERD.
Karl Tammar indicated that, in New York, zone LMPs are posted in real time. It is acceptable to have posted prices and to settle at those prices. Bob Kissner mentioned that the Mid Area Power Pool (MAPP) has a redispatch concept in which the generators post bids via a “bulletin board”. To this time the LESPWG had considered LERD as a seams solution that is designed to work through the existing structures. Karl Tammar felt that the Open Scheduling System (OSS) may be able to serve as a common point to provide and access such information. Action: Karl will check with Walt Pfuntner at the NYISO to see if OSS can be used/developed/modified in this manner to supply relief costs/generator bids.

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

The Ontario and Michigan representatives provided an update on the status of the PARs. The L4D circuit PAR is presently expected back at the end January 2002 but realistically may be delayed until early Spring. The L51D PAR is scheduled to return to service during Fall 2002. Discussions for an operating agreement with all PARs available has been delayed.

9. Future Meetings

Conference Call on January 3 10-noon
Tuesday Jan. 22—Pittsburgh Airport TGIFridays

Prepared by Paul A. Roman
Draft for Comment Minutes Issued on January 10, 2002.
Final Minutes Issued and Posted on NPCC web site March 20, 2002.
ACTION ITEMS & STATUS
Lake Erie Security Process Working Group Meeting
December 6-7, 2001 at Detroit Airport Romulus, Mi.

1. Paul Roman will check if the LEER documents can be returned to the web site and will notify the LESPWG members regarding this.

2. Karl Tammar indicated that Lydia Vollmer and Herb Yan had both left PECO and that replacement participants from PECO should be sought.

3. Karl Tammar will draft language regarding the treatment of a second limitation that becomes evident after an emergency redispatch is no longer needed in “Memo of Understanding” form and fold it into the LEER Agreement.

4. All LESPWG participants will send a list of billing manager contacts to Paul Roman. Paul will assemble and send out for confirmation.

5. Ron Falsetti will add slides to the training materials regarding billing and collections.

6. Each participant will review their individual tariffs for differences between treatment of emergency and non-emergency conditions that could affect application of LEER or LERD.

7. Karl Tammar will check with Walt Pfuntner at the NYISO to see if the Open Scheduling System can be used/developed/modified to supply relief costs/generator bids for use in the LERD.