

IN THE  
UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

Alliance Companies, et al.

Docket Nos. EL02-65-000, et al.

COMMENTS OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL  
REGARDING STATUS OF MISO AND PJM RELIABILITY PLANS

The North American Electric Reliability Council (“NERC”) is filing these comments in response to the inquiry conducted in this proceeding on September 29 and 30, 2003, to summarize for the record the actions NERC has taken in approving revisions to the reliability plans of the Midwest Independent System Operator (“MISO”) and the PJM Interconnection (“PJM”). In an order issued July 31, 2002, the Commission conditioned its approval of the elections made by the former Alliance companies to join either MISO or PJM on, among other things, those two entities’ obtaining NERC’s approval of the revisions to their respective reliability plans needed to implement the elections.<sup>1</sup>

NERC has filed two reports in these dockets detailing the actions taken to approve revisions to the MISO and PJM reliability plans. On November 5, 2002, NERC reported that it had approved changes to the MISO and PJM reliability plans to permit MISO and PJM to take over the reliability coordinator responsibility for the former Alliance companies that had elected to join either MISO or PJM.<sup>2</sup>

On June 20, 2003, NERC reported that it had approved further revisions to the MISO and PJM reliability plans.<sup>3</sup> The revised MISO reliability plan that NERC approved permitted MISO to implement its security-constrained, bid-based market. The revised PJM reliability plan that NERC approved permitted PJM to expand its existing market to include AEP and Dayton Power and Light. The approved reliability plans incorporate as an appendix “Managing Congestion to Address Seams,” dated May 16,

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<sup>1</sup> Alliance Companies, 100 FERC ¶ 61,137 (2002).

<sup>2</sup> Initial Report of the North American Electric Reliability Council Concerning MISO-PJM Reliability Issues.

<sup>3</sup> First Additional Report of the North American Electric Reliability Council Concerning MISO-PJM Reliability Issues.

2003, a proposal for congestion management coordination jointly developed by MISO and PJM.

The approved PJM reliability plan does not authorize expansion of PJM's market to include Commonwealth Edison. When MISO and PJM originally developed their congestion management coordination proposal, PJM was expecting to develop its market as a contiguous area from the current PJM boundaries westward through AEP, Dayton Power & Light, and Commonwealth Edison. During the time PJM's proposal to integrate AEP and Dayton was pending before NERC, PJM changed its market expansion plans such that Commonwealth Edison would join the PJM market before AEP and Dayton. Despite this change in plans, both MISO and PJM urged NERC to approve the reliability plans as they had been presented.<sup>4</sup>

NERC's MISO-PJM Review Team was in the process of evaluating further revisions proposed by MISO and PJM in their reliability plans to integrate Commonwealth Edison into the PJM market when the blackout occurred on August 14, 2003. Thereafter, MISO and PJM withdrew their revised reliability plans from consideration so that they could reevaluate them in light of findings from the investigation of the blackout. NERC is participating along with the Commission, the U.S. Department of Energy, and other U.S. and Canadian officials in that investigation. No report containing conclusions and recommendations from the blackout investigation has yet been issued.

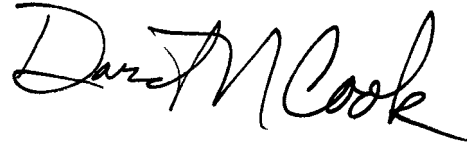
Neither MISO nor PJM has resubmitted a revised and updated reliability plan that takes account of the blackout for NERC's review. NERC will continue to work with the interested parties as this matter goes forward. NERC will give prompt consideration to further changes in the reliability plans at such time as those revised and updated plans are presented to NERC and will file additional reports with the Commission on this matter as circumstances warrant.

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<sup>4</sup> The First Additional Report also catalogued a number of non-reliability issues that parties to the NERC proceeding stated would need to be resolved (outside of NERC) to satisfy other conditions that the Commission had attached to its approval of the RTO choices made by the former Alliance companies.

NORTH AMERICAN ELECTRIC  
RELIABILITY COUNCIL

By:


A handwritten signature in black ink that reads "David N. Cook". The signature is written in a cursive style with a large, stylized "D" and "C".

David N. Cook  
Vice President and General Counsel

116-390 Village Blvd.  
Princeton, NJ 08540  
(609) 452-8060  
[david.cook@nerc.net](mailto:david.cook@nerc.net)

CERTIFICATE OF SERVICE

I certify that I have caused a copy of the "Comments of the North American Electric Reliability Council Regarding Status of MISO and PJM Reliability Plans" to be served on each person on the service list maintained for Docket No. EL02-65-000.

A handwritten signature in black ink, appearing to read "David N. Cook". The signature is written in a cursive style with a large, stylized 'D' and 'C'.

David N. Cook