

Consideration of Comments on Initial Ballot of Interpretation (for Brookfield Power) of — EOP-002 Requirements 6.3 and 7.1

Summary Consideration: Several stakeholders indicated that the interpretation needs additional clarification. The Operating Reliability Sub-committee Executive Committee (ORS EC) modified the language in the interpretation to improve its clarity as-well-as clarifying the treatment of wheel-through transactions. The ORS EC will post the revised interpretation for a new 30-day review period.

Entity	Segment	Vote	Comment
Bonneville Power Administration	1,3,5,6	Negative	<p>BPA's No vote is for the following reasons:</p> <ol style="list-style-type: none"> 1. The interpretation would exempt export deliveries from Network Resources under Network (NT) Transmission Service from cuts. There is no explanation in the interpretation for the distinction between NT and other firm transmission service such as Point-to-Point (PTP) Transmission Service serving firm load outside the BA. In the West, both NT and other firm transmission services are used by utilities and others to serve firm load. 2. This interpretation would seem to require that, if interruptible load and export cuts (other than from Network Resources) are insufficient to remedy the emergency, firm Network Loads within the BA must be shed while firm Network Loads outside the BA continue to be served. 3. In the Western Interconnection, BAs simultaneously export and import from one another. In an energy emergency, prescribing curtailment of all exports may actually harm interconnection-wide reliability and worsen the BAs energy shortage situation if firm exports are indiscriminately curtailed. For example, if a BA is directed to curtail all exports yet is also counting on imports from an adjacent BA to serve load, an energy imbalance situation may occur if the adjacent BA is dependent on those exports for load service. The interpretation to force indiscriminant curtailment of all exports to resolve an energy imbalance on one BAs system may force a reliability problem onto neighboring BAs where none existed to begin with. A better solution is to allow the BA with the energy shortage to take appropriate actions for the situation without causing interconnection-wide reliability problems. 4. In Order 693, FERC directed that COM-002-2 be revised to include a requirement for the Reliability Coordinator to assess and approve actions that have impacts beyond the area views of transmission operators and balancing authorities. That revision process is underway. Given that direction, it seems imprudent for an interpretation of EOP-002-2 to suggest that there is no role for the Reliability Coordinator in determining whether specific actions proposed to be taken by a Balancing Authority because of an energy emergency in its BA Area can be taken. 5. BPA believes that further discussion and consideration is needed in a NERC committee or subcommittee before an interpretation of NERC Standard EOP-002-2, Requirements 6.3 and 7.1 is issued. We suspect other BAs, LSEs, and others may raise issues beyond those BPA has identified.
<p>Response: The role of the Operating Reliability Sub-committee Executive Committee (ORS EC) in this instance is to provide an interpretation for the implementation of Standard EOP-002-2 Requirements 6.3 and 7.1. Although the ORS EC is in agreement with your comment concerning revising of Standard EOP-002-2, this is outside the scope of this Project. However, the ORS EC will use the Standards Development Process to issue a work plan input form identifying the necessary modifications to EOP-002-2.</p>			
<p>With regards to your comment concerning Firm Point-to-Point Transmission Service, this interpretation is meant to only cover the firmness of the</p>			

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<p>energy component of the energy transactions, regardless of the type of Transmission Service. As stated in the revised interpretation, “EOP-002-2 addresses capacity and energy emergencies (i.e., a capacity/energy shortage, compliance with Control Performance (CPS) and Disturbance Control Standards (DCS), etc.), and the steps to be taken in their event. This standard does not specify the curtailment sequence to use for interruptible loads or non-firm/firm exports based on the type of transmission service being utilized. Curtailment procedures for transmission service are addressed in IRO-006-4 and are not tied to control actions identified in EOP-002-2”. In addition, it is not the intention of this interpretation of EOP-002-2 Requirements 6.3 and 7.1 to place a burden on an external BA by confiscating exports designated to serve firm load but instead it is the belief of the ORS EC that the BA experiencing the energy deficiency should manage the deficiency.</p>			
Duke Energy Carolina	1	Negative	<p>This Interpretation goes too far in trying to resolve issues that should be dealt with in a SAR to revise the standard. The Interpretation should only say that in Requirement R6.3, the word “interruptible” modifies the word “load”, and not the word “exports”. How the BA determines which exports should be curtailed for interruption under an energy emergency is not within the scope of EOP-002-2.</p>
<p>Response: The role of the ORS EC in this instance is to provide an interpretation for the implementation of Standard EOP-002-2 Requirements 6.3 and 7.1. Although the ORS EC is in agreement with your comment concerning revising of Standard EOP-002-2, this is outside the scope of this Project. However, the ORS EC will use the Standards Development Process to issue a work plan input form identifying the necessary modifications to EOP-002-2.</p> <p>With regards to your comment concerning Requirement 6.3, the ORS EC agrees that the word “interruptible” only modifies the word “load”. However, the ORS EC disagrees with your comment concerning exports available for interruption not being covered in EOP-002-2. The Standard EOP-002-2 does address the curtailment of non-firm energy sales. The ORS EC believes that a non-firm energy sale is any sale that is not designated to serve firm load and is therefore available for interruption.</p>			
Idaho Power Company	1	Negative	<p>Idaho Power is voting no on the proposed interpretation of EOP-002-2 based upon several concerns:</p> <ul style="list-style-type: none"> — The BA does not have the necessary information to curtail transactions in the order described in this interpretation. One, the BA does not know the context for which the power was sold. Secondly, the BA does not know how the purchaser has categorized the purchase as a Designated Network Resource. — NERC EOP-002-2 Requirement 6.3 does not specify an exception for exports designated for an external BA, as referenced in the last paragraph of the interpretation. — The contractual relationship between the power seller and the purchaser is outside the scope of this standard and should remain so. In the Western Interconnection, WSPP firm sales, which qualify to be designated Network Resources (as modified by Order 890), call for the curtailment of a firm export prior to the curtailment of local load. — The second to last sentence of the interpretation also creates a paradigm where Designated Network Resources for an external party can not be cut until Firm Load has been curtailed. Why should a product that is subject to curtailment elsewhere be granted superior status at the source? The converse is not true, an internal Designated Network Resource does not have superior status to other Firm OATT service. Idaho Power suggests that the last paragraph of the interpretation be removed or be completely rewritten to eliminate the establishment a new commercial priority for certain resources within a reliability standard.
<p>Response: The role of the ORS EC in this instance is to provide an interpretation for the implementation of Standard EOP-002-2 Requirements 6.3 and 7.1. The ORS EC will use the Standards Development Process to issue a work plan input form identifying the necessary modifications to EOP-002-2 including the issues you have pointed out in your comments.</p>			

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Entity	Segment	Vote	Comment
<p>The ORS EC agrees that the BA does not necessarily know the context under which the energy was sold. However, the ORS EC does believe that there can be firm energy that is not available for curtailment by a BA experiencing an energy deficiency. If all transactions were available for curtailment then there would be no instances of a company building a generator outside of its balancing area due to the unreliability of the service. It is not the intention of this interpretation of EOP-002-2 Requirements 6.3 and 7.1 to place a burden on an external BA by confiscating exports designated to serve firm load but instead it is the belief of the ORS EC that the BA experiencing the energy deficiency should manage the deficiency.</p>			
Salt River Project	1,3,5	Negative	<p>In its interpretation of EOP-002-2, the NERC Operating Reliability Subcommittee's Executive Committee (ORS Executive Committee) correctly states that NERC currently does not include a definition of "firm exports" in its Glossary of Terms used in Reliability Standards. NERC does define "Firm Demand" as that portion of the Demand that a power supplier is obligated to provide except when system reliability is threatened or during emergency conditions. The definition of Firm Demand states that these loads can still be curtailed for reliability reasons. We believe that the ORS Executive Committee is recommending a material change to EOP-002-2 based on its interpretation. The "firmness" of an export should be defined by a contractual arrangement between parties, not by the designation of a Network Resource for Open Access Transmission Tariff purposes. In addition, the designation of a Network Resource is required to be known only by the Transmission Service Provider (TSP). The TSP and the Balancing Authority are two separate functional entities. The actions of a Balancing Authority to preserve reliability should not be encumbered by contractual arrangements it may not be a party to.</p>
<p>Response: The ORS EC agrees that the BA does not necessarily know the context under which the energy was sold. However, the ORS EC does believe that there can be firm energy that is not available for curtailment by a BA experiencing an energy deficiency. If all transactions were available for curtailment then there would be no instances of a company building a generator outside of its balancing area due to the unreliability of the service. It is not the intention of this interpretation of EOP-002-2 Requirements 6.3 and 7.1 to place a burden on an external BA by confiscating exports designated to serve firm load but instead it is the belief of the ORS EC that the BA experiencing the energy deficiency should manage the deficiency.</p>			
Santee Cooper	1,3,6	Negative	<p>Please also note that if this interpretation is passed, we believe it would result in a conflict with Requirement 1.1 and its associated Attachment 1-IRO-006-4 of Standard IRO-006-4 (regarding TLR Level 5a).</p>
<p>Response: This interpretation is intended to address implementation of EOP-002-2 Requirements 6.3 and 7.1 for energy emergencies and is not intended to address curtailments resulting from TLR's addressed in IRO-006-4. The ORS EC also does not believe that this interpretation creates a conflict with Attachment 1-IRO-006-4.</p>			
SaskPower	1	Affirmative	<p>Saskatchewan agrees with what it understands the intent of the interpretation to be, but is concerned about referencing FERC orders or definitions in the interpretation. References like this can undermine NERC's desire to be an international organization, as Canadian jurisdictions are not governed by FERC orders or definitions.</p>
<p>Response: The ORS EC acknowledges your affirmative response and thanks you for your clarifying comment. The ORS EC is not trying to undermine NERC's desire to be an international standards organization.</p>			
Seattle City Light	1,3,4	Negative	<p>The interpretation does not provide clarification to the original questions. The current standard uses terms that are not defined (such as firm and no-firm exports). Therefore, the standard itself should be revised.</p>
<p>Response: The role of the ORS EC in this instance is to provide an interpretation for the implementation of Standard EOP-002-2 Requirements</p>			

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<p>6.3 and 7.1. Although the ORS EC is in agreement with your comment concerning revising of Standard EOP-002-2, this is outside the scope of this Project. However, the ORS EC will use the Standards Development Process to issue a work plan input form identifying the necessary modifications to EOP-002-2. The ORS EC also believes that this interpretation does address the original questions.</p>			
Xcel Energy, Inc.	1,3,5,6	Negative	<p>The proposed interpretation of NERC EOP-002 is unworkable. A native load resource or network resource within a BA should not be treated differently than an energy export from the BA which may be using firm point to point service. This is because there is no standard industry practice in place to allow the source BA to determine if the firm point to point use is in fact being integrated as part of a remote system's network requirements. The present state of balkanized transmission tariff administration in many parts of the country is not sufficiently developed to support this evaluation. Additionally, any BA that has an unaffiliated Generator/PSE within its boundaries could be at risk of being required to cut third party transactions without any right to, or established method to compensate for, the energy from the generator. The NERC community has historically been adamant that reliability standards should not be based on commercial considerations. But this interpretation would go beyond a reasonable interpretation of equity and could be construed to create a de facto right for the BA to confiscate output from third-party or unaffiliated resources within the BA during times of shortfall. This interpretation would in fact be counter to the FERC policy of non-discriminatory open access transmission by creating a local confiscation option for the host BA. If non-affiliated generating resources in the BA are not committed, then the BA can and should call upon those resources to serve the BA load under EOP-002. However, if the resources are committed, the BA should not interrupt the transactions to serve loads inside the BA unless either the seller is also the LSE that is deficient or some other contractual agreement exists between the parties. Instead the BA should curtail loads of the deficient LSE before confiscating energy from a third party, whether delivered using network or firm point to point service. The requirement to balance loads and resources does not give the BA the right to take energy from an unaffiliated third party as would be required under the proposed interpretation.</p> <p>Finally, the interpretation that all firm and non-firm transactions be treated the same is unreasonable and against the pro forma tariff and open access policy language approved by FERC and typically used by the industry. All non-firm export transactions should be curtailed first, firm transactions should be curtailed just prior to curtailment of native load. This would be consistent with FERC Orders, the most recent being Order 890 (see Paragraphs 1432 through 1506).</p> <p>Xcel Energy believes that any interpretation of these requirements must address these fundamental flaws in order to come up with a fair, reasoned and manageable standard.</p>
<p>Response: With regards to your comment concerning Firm Point-to-Point Transmission Service, this interpretation is meant to only cover the firmness of the energy component of the energy transactions, regardless of the type of Transmission Service. As stated in the revised interpretation, "EOP-002-2 addresses capacity and energy emergencies (i.e., a capacity/energy shortage, compliance with Control Performance (CPS) and Disturbance Control Standards (DCS), etc.), and the steps to be taken in their event. This standard does not specify the curtailment sequence to use for interruptible loads or non-firm/firm exports based on the type of transmission service being utilized. Curtailment procedures for transmission service are addressed in IRO-006-4 and are not tied to control actions identified in EOP-002-2". In addition, it is not the intention of this interpretation of EOP-002-2 Requirements 6.3 and 7.1 to place a burden on an external BA by confiscating exports designated to serve firm load but instead it is the belief of the ORS EC that the BA experiencing the energy deficiency should manage the deficiency.</p>			
Cleco Utility Group	3	Affirmative	We agree with the interpretation but, the wording in the standard could be clearer.

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<p>Response: The ORS EC acknowledges your affirmative response and thanks you for your clarifying comment. The role of the ORS EC in this instance is to provide an interpretation for the implementation of Standard EOP-002-2 Requirements 6.3 and 7.1. The ORS EC will use the Standards Development Process to issue a work plan input form identifying the necessary modifications to EOP-002-2 including the issues you have pointed out in your comments.</p>			
Entergy Services, Inc.	3,5,6	Negative	<p>The interpretation (of R6.3) appears to add to the existing standard instead of interpreting the standard. Most Balancing Authorities are made up of many different and independent legal entities all of which may be exporting power under various contractual arrangements and transmission arrangements. When a Balancing Authority must take actions to comply with NERC criteria, they must do so consistent with contractual obligations and arrangements. For instance, it would make no sense to curtail the export transactions of another legal entity if that would not result in incremental power to the balancing authority. Likewise, some export sales that are network resources for the sink control area may be as contractually firm as native load and can only be curtailed pro-rata with native load curtailments while other export sales that are specified as a network resource by the sink may be curtailed prior to firm native load curtailments. EOP-002-2 is written so that the curtailment of exports and the curtailment of interruptible loads are a possible remedy. The standard does not specify exactly how and when these possible remedies are utilized. It must be left to the Balancing Authority to determine the exact order, quantity, and timing that these remedies are implemented so that they are consistent with contractual obligations and so that they achieve the desired impact.</p>
<p>Response: The ORS EC does not believe that the BA would necessarily know the context under which the energy was sold, nor is the ORS EC implying that the BA has any authority over Transmission Service. This interpretation is meant to only cover the firmness of the energy component of the energy transactions, regardless of the type of Transmission Service. As stated in the revised interpretation, “EOP-002-2 addresses capacity and energy emergencies (i.e., a capacity/energy shortage, compliance with Control Performance (CPS) and Disturbance Control Standards (DCS), etc.), and the steps to be taken in their event. This standard does not specify the curtailment sequence to use for interruptible loads or non-firm/firm exports based on the type of transmission service being utilized. Curtailment procedures for transmission service are addressed in IRO-006-4 and are not tied to control actions identified in EOP-002-2”. In addition, it is not the intention of this interpretation of EOP-002-2 Requirements 6.3 and 7.1 to place a burden on an external BA by confiscating exports designated to serve firm load but instead it is the belief of the ORS EC that the BA experiencing the energy deficiency should manage the deficiency.</p>			
Public Utility District No. 2 of Grant County	3	Negative	<p>This interpretation suggests that firm load within a BA would be curtailed before certain exports. Grant does not agree with any language that would suggest or otherwise mandate that firm load within a BA be curtailed while exports are still flowing.</p>
<p>Response: This interpretation is meant to only cover the firmness of the energy component of the energy transactions, regardless of the type of Transmission Service. As stated in the revised interpretation, “EOP-002-2 addresses capacity and energy emergencies (i.e., a capacity/energy shortage, compliance with Control Performance (CPS) and Disturbance Control Standards (DCS), etc.), and the steps to be taken in their event. This standard does not specify the curtailment sequence to use for interruptible loads or non-firm/firm exports based on the type of transmission service being utilized. Curtailment procedures for transmission service are addressed in IRO-006-4 and are not tied to control actions identified in EOP-002-2”. In addition, it is not the intention of this interpretation of EOP-002-2 Requirements 6.3 and 7.1 to place a burden on an external BA by confiscating exports designated to serve firm load but instead it is the belief of the ORS EC that the BA experiencing the energy deficiency should manage the deficiency.</p>			
Tampa Electric Co.	3	Negative	<p>I believe 6.3 only addresses the curtailment of Non Firm exports and does not include curtailment of any type of firm energy. Transmission tariffs govern how and when firm energy riding on firm</p>

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			transmission of any type can be curtailed.
<p>Response: The ORS EC is not implying that the BA has any authority over Transmission Service. The ORS EC believes that an entity should adhere to all governing tariffs.</p>			
Consumers Energy	4	Affirmative	<p>Consumers Energy Company concurs with the proposed interpretation, however, recommends that the Standards Drafting Team consider the following issues:</p> <p>1) We are not comfortable that a mechanism exists today that shares each transaction's status with regard to whether the transaction is a designated network resource in foreign areas between Balancing Authorities, Regional Transmission Operators or Energy Markets for the area in which the transaction originates. Without such a mechanism this interpretation will be difficult to implement and may not be enforceable.</p> <p>2) The deciding factor on the ability of a Balancing Authority, Regional Transmission Operator or Energy Market to curtail a transaction for a Generation Deficiency should be whether the source resource (or applicable portion of) is a Designated Network Resource in the Host area. If so then all transactions from this resource would be determined to be from a "Non-Firm" source and curtailable under R6.3. If not, the host Balancing Authority, Regional Transmission Operator or Energy Market should not be able to curtail the transaction for anything other than Transmission purposes.</p>
<p>Response: The ORS EC acknowledges your affirmative response and thanks you for your clarifying comment. The role of the ORS EC in this instance is to provide an interpretation for the implementation of Standard EOP-002-2 Requirements 6.3 and 7.1. The ORS EC will use the Standards Development Process to issue a work plan input form identifying the necessary modifications to EOP-002-2 including the issues you have pointed out in your comments.</p>			
Seminole Electric Cooperative, Inc.	4,6	Negative	<p>While the interpretation properly makes it very clear that designated Network Resources could not be curtailed as long as they are being used to serve the recipients Network Load, it would permit the curtailment of a party's Network Resources being exported for non-Network service (sales) as well as any other "firm" exports. The determination of whether, and at what point in a balance area's emergency, a "firm" resource may be curtailed, should be based upon the terms of the firm contract. A balancing area deficiency, even resulting in firm load shedding, should not trump the terms of an agreement which might allow pro rata curtailment with firm load, or even no curtailment given firm load shedding if transmission capability permits. This really seems to be a Business Practice issue and not a Reliability Standards issue (which might represent a force majeure event.)</p>
<p>Response: The ORS EC does not believe that the BA would necessarily know the context under which the energy was sold, nor does the ORS EC mean to imply that the BA has any authority over Transmission Service. This interpretation is meant to only cover the firmness of the energy component of the energy transactions, regardless of the type of Transmission Service. As stated in the revised interpretation, "EOP-002-2 addresses capacity and energy emergencies (i.e., a capacity/energy shortage, compliance with Control Performance (CPS) and Disturbance Control Standards (DCS), etc.), and the steps to be taken in their event. This standard does not specify the curtailment sequence to use for interruptible loads or non-firm/firm exports based on the type of transmission service being utilized. Curtailment procedures for transmission service are addressed in IRO-006-4 and are not tied to control actions identified in EOP-002-2". In addition, it is not the intention of this interpretation of EOP-002-2 Requirements 6.3 and 7.1 to place a burden on an external BA by confiscating exports designated to serve firm load but instead it is the belief of the ORS EC that the BA experiencing the energy deficiency should manage the deficiency.</p>			
<p>The ORS EC will use the Standards Development Process to issue a work plan input form identifying the necessary modifications to EOP-002-2. As part of the SAR that will be developed in this process the issue of what is a Business Practice and what should be covered within a Reliability</p>			

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Standard will be addressed.			
U.S. Army Corps of Engineers Northwestern Division	5	Negative	During a system emergency where a BA is cutting exports, the native energy being provided for an external BA should also be cut. The intent of cutting exports is to get the BA experiencing an emergency back under control. Firm load, non-firm load and external BA native load should all be treated the same.
Response: This interpretation is meant to only cover the firmness of the energy component of the energy transactions, regardless of the type of Transmission Service. As stated in the revised interpretation, “EOP-002-2 addresses capacity and energy emergencies (i.e., a capacity/energy shortage, compliance with Control Performance (CPS) and Disturbance Control Standards (DCS), etc.), and the steps to be taken in their event. This standard does not specify the curtailment sequence to use for interruptible loads or non-firm/firm exports based on the type of transmission service being utilized. Curtailment procedures for transmission service are addressed in IRO-006-4 and are not tied to control actions identified in EOP-002-2”. In addition, it is not the intention of this interpretation of EOP-002-2 Requirements 6.3 and 7.1 to place a burden on an external BA by confiscating exports designated to serve firm load but instead it is the belief of the ORS EC that the BA experiencing the energy deficiency should manage the deficiency.			
Florida Municipal Power Agency	6	Negative	I do not think firm transmission should be cut unless it is done under the TLR standard.
Response: This interpretation is intended to address implementation of EOP-002-2 Requirements 6.3 and 7.1 for energy emergencies and is not intended to address curtailments resulting from TLR’s addressed in the IRO Standards.			
Florida Reliability Coordinating Council	10	Negative	I do not agree that R6.3 should include firm exports. The curtailment of firm resources would need to be done at the same time the transmission service provider curtails their own resources. R6.3 would occur before that as it addresses only non-firm energy.
Response: For the reasons stated in the interpretation, the ORS EC disagrees with your comment concerning curtailment of firm exports. This interpretation is intended to address implementation of EOP-002-2 Requirements 6.3 and 7.1 for energy emergencies and is not intended to address transmission service curtailments resulting from TLR’s addressed in the IRO Standards.			
Progress Energy Carolinas	3	Negative	<p>In summary, NERC’s proposed interpretation is:</p> <ol style="list-style-type: none"> 1) Under R6.3, it is intended that all exports, firm and non-firm, are available for curtailment with the exception of those exports designated as network resources for an external Balancing Authority. 2) If a capacity or energy emergency still exists after all exports (firm and non-firm) have been curtailed with the exception of those related to a network resource designated to an external Balancing Authority then R7.1 would take effect and firm load would be shed while the designated network resource transaction would continue to flow. <p>Therefore, NERC’s proposed interpretation creates a distinction between “firm exports” which can be curtailed under 6.3 and 7.1, and (firm) Designated Network Resource transactions to an external BA which cannot be curtailed (under EOP-002, at least). In this interpretation, NERC should also make a distinction between those transactions which should be curtailed because doing so will directly improve the CPS/DCS performance of the BA experiencing the capacity/energy deficiency, and those transactions which should not affect the BA’s CPS/DCS performance under EOP-002. Obviously, curtailment of firm or non-firm export energy sales sourced from the BA’s own generating resources to</p>

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			<p>an external BA will improve the generating BA's CPS/DCS performance if it is experiencing a capacity/energy deficiency. However, curtailment of firm or non-firm wheel-through transactions (which may be considered another type of export) should not affect CPS/DCS performance, nor should curtailment of firm or non-firm exports sourced from a merchant generator located in the BA's area (as long as that merchant generator continues to meet its energy schedule). The question arises, which is not completely addressed by NERC's interpretation, is whether and how a generator located in the BA's area but whose output is not under the ownership or direct control of the BA and which is not a DNR for another BA should be handled under EOP-002. NERC's interpretation of R6.3 and R7.1 says that any firm and non-firm export may be curtailed as long as it is not a DNR for an external BA, but does not make a distinction regarding the generating resource and does not address what should become of the energy and capacity no longer being exported (i.e. should that energy and capacity be sunk in the BA experiencing the capacity/energy deficiency).</p> <p>As a separate but related issue, there appears to be an error or at least an inconsistency in EOP-002-2 which was not raised nor addressed in the interpretation. Specifically, EOP-002-2 R6.6 includes as a remedy curtailing "firm loads". However, R7 and R7.1 state that after the BA has exhausted the steps listed in R6, the BA shall "manually shed firm load." As written, R6.6 would already allow for the curtailment of firm loads even before reaching the stage of R7.1. There also appears to be an inconsistency between R6.6 and Attachment 1 to EOP-002 (Energy Emergency Alerts). R6.6 includes as a remedies: public appeals, voltage reductions, curtailing interruptible loads and firm loads. However, Alert Level 2 covers the situation where the "Energy Deficient Entity foresees or has implemented procedures up to, but excluding, interruption of firm load commitments. When time permits, these procedures may include, but are not limited to:</p> <ul style="list-style-type: none"> o Public appeals to reduce demand. o Voltage reduction. o Interruption of non-firm end use loads in accordance with applicable contracts¹. o Demand-side management. o Utility load conservation measures." <p>In other words, R6.6 and Alert Level 2 cover the same actions, except that R6.6 allows for curtailment of firm load whereas Alert Level 2 specifically excludes interruption of firm load. (It is not until Alert Level 3 that firm load curtailment is contemplated.) Therefore, considering the inconsistency between R6.6 and R7.1, and the inconsistency between R6.6 and Alert Level 2, Progress Energy believes R6.6 should actually say "Reducing load, through procedures such as public appeals, voltage reductions, curtailing interruptible loads and non-firm loads."</p>
<p>Response: The ORS EC does not believe that it could define all instances that a curtailment of energy would or would not improve a BA's CPS/DCS performance. The intent of this interpretation is to speak to only those exports originating within the boundaries of the BA experiencing the deficiency. The ORS EC has modified the interpretation to provide clarity on wheel-through transactions. The statement now reads "When considering actions to be taken to comply with EOP-002-2 Requirement R6.3, all exports originating within the boundaries of the Balancing Authority experiencing the deficiency, firm and non-firm, are available for curtailment with the exception of those exports designated as network resources for an external Balancing Authority".</p> <p>Regarding the inconsistency within EOP-002-2 that you have described in your comments, the role of the ORS EC in this instance is to provide an interpretation for the implementation of Standard EOP-002-2 Requirements 6.3 and 7.1. Although the ORS EC is in agreement with your comment concerning revising of Standard EOP-002-2, this is outside the scope of this Project. However, the ORS EC will use the Standards Development Process to issue a work plan input form identifying the necessary modifications to EOP-002-2.</p>			
Progress	5,6	Negative	Progress Energy is voting negative with the following reasons (a more detailed explanation is

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Entity	Segment	Vote	Comment
Energy Carolinas			<p>provided below):</p> <p>(1) NERC should provide a more detailed interpretation that takes into consideration other potential types of “exports” and whether they should or should not be curtailed under EOP-002-2 R6.3; and</p> <p>(2) NERC should also address a potential pre-existing error in EOP-002-2 R6.6, which, if uncorrected, could create an inconsistency between EOP-002-2 R6.6 and R7.1, and an inconsistency between R6.6 and the steps described under Energy Emergency Alert Level 2.</p> <p>1) NERC’s proposed interpretation is:</p> <ul style="list-style-type: none"> — Under R6.3, it is intended that all exports, firm and non-firm, are available for curtailment with the exception of those exports designated as network resources for an external Balancing Authority. — If a capacity or energy emergency still exists after all exports (firm and non-firm) have been curtailed with the exception of those related to a network resource designated to an external Balancing Authority then R7.1 would take effect and firm load would be shed while the designated network resource transaction would continue to flow. Therefore, NERC’s proposed interpretation creates a distinction between “firm exports” which can be curtailed under 6.3 and 7.1, and (firm) Designated Network Resource transactions to an external BA which cannot be curtailed (under EOP-002-2, at least). In this interpretation, NERC should also make a distinction between those transactions which should be curtailed because doing so will directly improve the CPS/DCS performance of the BA experiencing the capacity/energy deficiency, and those transactions which should not affect the BA’s CPS/DCS performance under EOP-002-2. Obviously, curtailment of firm or non-firm export energy sales sourced from the BA’s “own” generating resources to an external BA will improve the generating BA’s CPS/DCS performance if it is experiencing a capacity/energy deficiency. However, curtailment of firm or non-firm wheel-through transactions (which may be considered another type of export) should not improve CPS/DCS performance, nor should curtailment of firm or non-firm exports sourced from a merchant generator (for example) located in the BA’s area (as long as that merchant generator continues to meet its energy schedule). NERC’s interpretation does not completely address how an export sourced from a generator that is electrically located in the BA’s area but whose output is not under the direct control or ownership of the BA and which is not a DNR for an external BA should be handled under EOP-002-2. NERC’s interpretation of R6.3 and R7.1 states that any firm and non-firm export may be curtailed as long as it is not a DNR for an external BA, but does not make a distinction regarding the ownership, control, or contractual relationship of the generating resource associated with that export, and does not address what should become of the energy and capacity once the export is curtailed. Specifically, should that energy and capacity be sunk in the BA experiencing the capacity/energy deficiency (which would assist in the CPS/DCS performance), or alternatively, coincident with the curtailment of the export, should the generating resource associated with that export be run back or taken off-line, which would not assist in the CPS/DCS performance? <p>2) As a separate but related issue, there appears to be an error or inconsistency in EOP-002-2 which was not raised nor directly addressed in the interpretation. Specifically, EOP-002-2 R6.6 includes as a remedy curtailing “firm loads”. However, R7 and R7.1 state that after the BA has exhausted the steps</p>

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			<p>listed in R6, the BA shall “manually shed firm load.” As EOP-002-2 is written, R6.6 would already allow for the curtailment of firm loads even before reaching the stage of R7.1. Additionally, there appears to be an inconsistency between R6.6 and Attachment 1 - EOP-002-0 (Energy Emergency Alerts). R6.6 includes as remedies: public appeals, voltage reductions, curtailing interruptible loads and firm loads. However, Alert Level 2 covers the situation where the “Energy Deficient Entity foresees or has implemented procedures up to, but excluding, interruption of firm load commitments. When time permits, these procedures may include, but are not limited to: o Public appeals to reduce demand. o Voltage reduction. o Interruption of non-firm end use loads in accordance with applicable contracts1. o Demand-side management. o Utility load conservation measures.” In other words, R6.6 and Alert Level 2 cover generally the same actions, except that R6.6 allows for curtailment of firm load whereas Alert Level 2 specifically excludes interruption of firm load. (We also note that Section 2.6.3 of Attachment 1 - EOP-002-0 contemplates recalling all non-firm sales, whereas NERC’s interpretation of R6.3 expects that both firm and non-firm exports are curtailed.) Therefore, considering the inconsistency between R6.6 and R7.1, and the inconsistency between R6.6 and Alert Level 2, Progress Energy believes R6.6 should actually say “Reducing load, through procedures such as public appeals, voltage reductions, curtailing interruptible loads and non-firm loads.”</p>
<p>Response: The ORS EC does not believe that it could define all instances that a curtailment of energy would or would not improve a BA’s CPS/DCS performance. The intent of this interpretation is to speak to only those exports originating within the boundaries of the BA experiencing the deficiency. The ORS EC has modified the interpretation to provide clarity on wheel-through transactions. The statement now reads “When considering actions to be taken to comply with EOP-002-2 Requirement R6.3, all exports originating within the boundaries of the Balancing Authority experiencing the deficiency, firm and non-firm, are available for curtailment with the exception of those exports designated as network resources for an external Balancing Authority”.</p> <p>Regarding the inconsistency within EOP-002-2 that you have described in your comments, the role of the ORS EC in this instance is to provide an interpretation for the implementation of Standard EOP-002-2 Requirements 6.3 and 7.1. Although the ORS EC is in agreement with your comment concerning revising of Standard EOP-002-2, this is outside the scope of this Project. However, the ORS EC will use the Standards Development Process to issue a work plan input form identifying the necessary modifications to EOP-002-2.</p>			