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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Information Requirements for Available Transfer Capability	**)** **)**	**Docket No. RM05-17-000**

Comments of MidAmerican Energy Company

MidAmerican Energy Company ("MidAmerican") hereby submits these comments in response to the Notice of Inquiry ("NOI") issued by the Federal Energy Regulatory Commission ("Commission" or "FERC") concerning Information Requirements for Available Transfer Capability ("ATC") dated May 27, 2005.

I. Communications

Communications in this proceeding should be addressed to:

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II. Interest of MidAmerican

MidAmerican is an electric and natural gas public utility providing electric transmission service, wholesale electric service and bundled electric distribution service over facilities that it owns and operates in the states of Iowa, South Dakota and Illinois. MidAmerican is subject to the jurisdiction of the Commission and will be subject to any subsequent rulemakings issued by the Commission with respect to available transfer capability ("ATC") and Available Flowgate Capability ("AFC") as a result of this proceeding.

MidAmerican was an active participant in both the North American Electric Reliability Council ("NERC") Alliant West TLR Task Force ("AWTTF") and the NERC Long-Term AFC/ATC Task Force ("LTATF"). MidAmerican was also active in developing the Seams Operating Agreement ("SOA") between the Mid-Continent Area Power Pool ("MAPP"), of which MidAmerican is a member, and the Midwest Independent Transmission System Operator, Inc. ("Midwest ISO" or "MISO"). MidAmerican led the SOA working group responsible for developing the ATC/AFC coordination procedures between MAPP and the Midwest ISO.

III. Comments

A. General

The Commission's interest in ATC is warranted. While ATC is not an indication of reliability, its proper calculation and use is critical to maintaining the reliability of the interconnected electric system. Reasonable calculation of ATC also has a direct impact on economic system operation and on electric markets.

At its core, the NOI raises two fundamental questions:

- To what extent should ATC/AFC calculations be standardized?
- To what extent should the Commission be the entity to set those standards?

MidAmerican suggests that a third issue – arguably more important than the first two – involves the degree of coordination between adjoining transmission providers and regions when evaluating transmission service requests. The need for standardized definitions and calculations of ATC, TTC, CBM, and TRM by individual transmission

providers may be less important than the need for those transmission providers to coordinate their application of AFC/ATC with other providers. Examples of these areas of coordination include the following:

- Coordination of Partial Path review. When transmission service involves a path across multiple systems, a given flowgate may be evaluated several times by various providers on the transmission path. Because of lack of coordination between these providers, AFC on the flowgate can currently be decremented multiple times for the same transmission service request, and service may be denied even when the true available capacity on the flowgate is sufficient to allow the request to be granted.
- Policies for decrementing AFC. Currently, some providers decrement AFC whenever a transmission service request is in the Queued, Received, or Study modes. Other providers do not decrement AFC until a transmission service request has been Confirmed. Even for Confirmed reservations, there are inconsistencies in how AFC is decremented. In particular, there is a need to ensure that flowgates are evaluated only once and that AFC is decremented only once, regardless of the number of providers involved in the transaction.
- Redispatch policies. Transmission providers have implemented various provisions for economic redispatch, and some providers refuse to offer redispatch at all.

In addition to these areas of inconsistency between providers, there may be value in adding Firm On-Peak and Off-Peak transmission products. This would be a

significantly aid in maximizing the use of the transmission system. In many cases, the transmission system could support additional off-peak service, but service must be denied because AFC calculations are performed only for on-peak periods.

Returning to the two fundamental questions posed by the NOI, MidAmerican supports the recommendations in the final NERC LTATF Report for additional standardization and coordination of ATC calculations. Given the current status of the NERC Standard Authorization Request ("SAR") process on implementing the LTATF recommends, the Commission should allow the NERC standards drafting process to complete new standards which incorporate the recommendations of the LTATF report and industry comments. The Commission should accept the definitions for ATC, TTC, TRM, and CBM in the NERC Version 0 Standards, and the Commission should allow NERC to develop any new definitions that are needed for reliability purposes, such as a definition of AFC. The Commission should allow NAESB to develop appropriate new definitions and practices that are needed for business reasons, such as the definition for ASTFC.

B. Responses to Specific NOI Questions or Comments

The NOI requests comment on the definitions of AFC, ATC, CBM, and TRM; the advisability of revising and standardizing AFC, ATC, TRM, and CBM values; the advisability of developing interconnection-wide standards for the Eastern Interconnection and the WECC; the contents of the LTATF report; and the most expeditious way to obtain industry-wide standards for ATC calculations.[1] The following comments address certain of these areas.

1. Definitions

[1] NOI at P 28.

With respect to definitions, NERC originally developed definitions for ATC, TTC, TRM, and CBM in the NERC White Paper, "Available Transfer Capability Definitions and Determinations" dated June, 1996. These definitions were revised when the NERC Version 0 Standards were adopted for implementation on April 1, 2005. The definitions used in the NOI and the LTATF report for ATC, TTC, TRM, and CBM are reasonably consistent with the NERC Version 0 Standards, although they do not match word for word. For consistency, MidAmerican recommends that the Commission use the definitions in the NERC Version 0 Standards. These definitions resulted from the NERC standards making process, and the Commission's use of the NERC Version 0 Standard definitions will further encourage standardization of the NERC definitions.

Flowgates

The NOI refers to the definition of a Flowgate in the LTATF report, which states "A flowgate is the name given to the transmission element(s) and associated contingency, if any, that may limit ATC."[2] MidAmerican recommends the following alternative definition, which is the same as that included in the SOA between MAPP and the Midwest ISO:

> "'Flowgate' shall mean a representative modeling of a facility or group of facilities that may act as a constraint to power transfer on the bulk transmission system."

This definition is broader than the one in the NOI and the LTATF report, and more accurately portrays the fact that flowgates are related to the modeling of the system. Distribution factor thresholds are typically employed by transmission providers to determine which flowgates are impacted significantly and require AFC assessments. The

[2] NOI at P 5.

distribution factor threshold for multiple element flowgates should be reviewed by NERC as a part of its standardization process.

AFC

The NOI defines AFC as "a measure of the capability remaining on a flowgate for future uses, after considering the impact of prior sales."[3] MidAmerican does not support the NOI definition, because it does not reflect the impact of reliability margins. MidAmerican recommends the following definition: "'AFC' is the amount of capability remaining on a flowgate for future uses, after considering the effect of prior sales *and reliability margins*." (emphasis added for clarity)

Note that the NERC Version 0 Standards do not provide a definition or standard for AFC. MidAmerican believes NERC should define AFC and provide a standard for it because there are reliability aspects associated with AFC.

Available Share of Total Flowgate Capability ("ASTFC")

In addition to ATC/AFC, the various seams agreements require the Available Share of Total Flowgate Capability ("ASTFC") to be considered in the transmission provider's decision to grant or deny transmission service requests. Under the seams agreements, allocations of flowgate capacity are calculated for each entity. Each entity then determines how much of its share of flowgate capability has already been used in selling transmission service or by grandfathered uses of the transmission system. The amount remaining from this calculation is the ASTFC. In this sense, ASTFC is just as important as ATC/AFC for those transmission providers under seams agreements. While the general methodology for calculating ASTFC is documented in the various seams agreements, variations on the methodology exist from provider to provider, and

[3] *Id.*

mechanisms for sharing unused allocations are not well documented. Also, there are varying practices for posting ASTFC on OASIS nodes. NAESB should require documentation of ASTFC methodologies and require standardization and communication of ASTFC information to all transmission customers and transmission providers. Finally, MidAmerican is aware of transmission service requests that have been denied for lack of ASTFC even though posted AFC quantities were more than adequate to support the transaction. There is a need to ensure that ASTFC calculations are appropriate and that the process for sharing unused ASTFC between providers is such that transmission service requests which can be accommodated within the posted AFC are granted.

2. Standardized AFC Calculations

The NOI notes that the "Commission believes that standardizing the way AFC and ATC are calculated will help mitigate" the potential that such calculations create "obstacles to ensuring that the provision of interstate transmission services is not unduly discriminatory or preferential."[4] Page 3 of the NERC LTATF report identifies differences in how AFC and ATC calculations are made across the industry. The Commission should note that differing types of constraints may require differing AFC and ATC calculation methodologies.

MidAmerican notes that attachments to the LTATF include proposed SARs to revise NERC Standards for AFC/ATC and CBM/TRM. The LTATF proposes to revise the NERC Standards to encourage further standardization of AFC/ATC and CBM/TRM calculations. While MidAmerican generally supports the proposed SARs, MidAmerican is concerned about the SARs' proposal to completely exempt RTOs, ISOs and the RTO and ISO members from the pertinent NERC Version 0 Standards for ATC/ATC and

[4] NOI at P 25.

CBM/TRM calculations. This seems to contradict the purpose of the SARs, which is to encourage standardization.

Regardless of any regional differences, transmission providers should be required to document their calculation of AFC/ATC. MidAmerican's experience is that this documentation is frequently minimal. In those cases where documentation exists, that documentation is frequently vague. Documentation is only of value where it provides a clear, objective description of the process for calculating AFC/ATC. That process should be open and transparent to transmission providers and customers. Documentation that is vague or difficult to interpret creates a sense of mistrust. MidAmerican has encountered instances where documentation is outdated or in error. Clearly, documentation that inaccurately describes a transmission providers AFC calculation process is worse than no documentation at all. The lack of proper documentation is in direct contradiction to the NERC Version 0 Standards. As a result, a MidAmerican representative has recommended to a NERC task force that an audit of Regional Reliability Organization and Transmission Service Provider compliance with the NERC Version 0 Standards pertaining to ATC, TTC, TRM, and CBM (MOD-001-0 through MOD-009-0) be included in the NERC Version 0 Compliance Programs for 2006.

3. LTATF Report

Recommendations vs. Requirements

MidAmerican generally supports the LTATF's recommendations for better consistency and coordination. However, it is important to realize that the recommendations in the LTATF report are intended for implementation by NERC as opposed to a regulatory body. The LTATF's recommendations for consistency and

coordination of ATC should not be converted into "one size fits all" ATC calculations, but should be governing principles with latitude for regional and system differences.

AFC/ATC Coordination

With respect to communication and coordination of AFC/ATC, MidAmerican supports the method of exchanging data described in the LTATF report. MidAmerican also suggests that the various seams agreements be used as templates for the minimum requirements in communicating and coordinating AFC/ATC. For example, Article V of the SOA between MAPP and the Midwest ISO contains detailed provisions for exchanging AFC/ATC data. Attachment A to that SOA contains detailed provisions for coordination of AFC and transmission service request evaluations, including such items as:

1) Reservation requirements;
2) Filtering rules for importing reservations from other OASIS nodes;
3) Counterflow policies in calculating AFC;
4) Coordination of TTC calculations for jointly-owned flowgates;
5) Joint calculation of TTC for stability flowgates which impact MAPP and MISO;
6) Coordination of existing transmission commitment calculations;
7) Common model requirements;
8) Development of common TRM and CBM methodologies
9) Treatment of study-status reservations;
10) Coordination of transmission reservations with roll-over rights;
11) Coordination of on-the-path and off-the-path request evaluation procedures; and
12) Coordination of re-direct calculations

While there may be valid reasons for differences in *calculations* between differing regions and systems, transmission providers should be required to develop and implement identical well-documented methodologies for *coordination* of AFC and transmission service request evaluations for each item in the above list. While ATC/AFC calculations

should provide for regional differences, the calculations should be repeatable and in all cases be well documented in a form available to all transmission customers, but which also ensures that standards of conduct are met and that Critical Energy Infrastructure Information is respected.

AFC/ATC Calculation

With respect to the calculation process for AFC/ATC, MidAmerican supports the LTATF report's recommendations that better documentation and greater transparency for AFC/ATC calculations would be beneficial. MidAmerican also supports the NERC SAR submitted by the LTATF.

Review and Consistency of CBM and TRM Methodologies

Appendix C of the LTATF calls for independent review, consistency, additional specificity where feasible, and resolution of seams issues for CBM and TRM methodologies. Appendix C of the LTATF report recommends that independent review be conducted of RRO CBM and TRM methodologies. However, in order for there to be an independent review of RRO CBM and TRM methodologies by NERC, there must be clear and concise industry standards for CBM and TRM. MidAmerican can support independent review of CBM and TRM when an appropriate industry standard for CBM and TRM is defined. Additionally, MidAmerican supports the recommendations in Appendix C that call for adding specificity and resolution of seams issues with allowances for regional and system differences.

The NOI states that "Transmission providers have incentives to understate ATC on those paths valuable to power sellers that are competitors to a transmission provider's own (or affiliate's) power sales."[5] MidAmerican believes that current problems regarding the coordination of ATC transcend *all* providers, including independent market operators. Justification for more rigorous and consistent standards and procedures for ATC calculations should focus on the technical merits of the increased coordination and on maximization of transmission capability utilization concurrent with minimization of firm Transmission Loading Relief (TLR) utilization. Key ATC issues include the lack of coordination between transmission providers and lack of consistency in modeling between providers.

CONCLUSION

MidAmerican respectfully requests that the Commission consider MidAmerican's comments as noted above.

DATED this 15th day of August, 2005.

Respectfully submitted,

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[5] NOI at P 10.

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