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January 31, 2002

Ms. Magalie Roman Salas, Secretary  
Federal Energy Regulatory Commission  
888 North Capitol Street, NE  
Washington, DC 20426

Re: North American Electric Reliability Council,  
Docket Nos. ER00-3675-000, ER00-2077-000 and ER00-1666-000

Dear Ms. Sales:

Enclosed herewith for filing on behalf of the North American Electric Reliability Council ("NERC") are two originals and fourteen copies of the "Report on Market Redispatch Pilot Program By NERC Market Interface Committee and Motion to Continue Market Redispatch Program." NERC requests expedited consideration of its Motion to Continue so that the Market Redispatch Program can continue without a break in authorization.

A copy of this filing has been sent to all parties on the service list maintained by the Commission in the dockets noted above. In addition, NERC is posting this filing on its website and sending an email notice of the posting to the TSIN list server and the entire NERC roster.

Please time stamp the two duplicate originals and return them to our messenger. If you have any questions regarding this filing, please contact the undersigned.

Very truly yours,

Barbara K. Heffernan

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

North American Electric Reliability Council	) )	Docket No. ER00-3675-000
North American Electric Reliability Council	) )	Docket No. ER00-2077-000 and -001
North American Electric Reliability Council	) )	Docket No. ER00-1666-000

**REPORT ON MARKET REDISPATCH PILOT PROGRAM  
BY NERC MARKET INTERFACE COMMITTEE  
AND  
MOTION TO CONTINUE MARKET REDISPATCH PROGRAM**

The North American Electric Reliability Council (“NERC”) provides this status report on its efforts to conduct a Market Redispatch Pilot Program (“MRD Program”) for the Eastern Interconnection as authorized in Docket Nos. ER00-3675-000, ER00-2077-001, ER00-2077-000, and ER00-1666-000. NERC moves that the MRD Program be extended until such time that enhanced market solutions are broadly available to displace the MRD capability. NERC further requests that the “pilot” designation be removed from the MRD Program.

The MRD Program provides a limited but useful congestion management tool for the electric power industry. On November 14, 2001, the NERC Market Interface Committee recommended that the MRD be continued in its current form and capabilities with removal of the pilot designation, until such time that enhanced market solutions are broadly available to displace the MRD capability.

## I. BACKGROUND

The essence of the MRD Program is a procedure for prearranging market redispatch transactions to provide counterflows on a constrained path, to be implemented only on an “as needed” basis to protect transactions that otherwise would be curtailed under the Transmission Loading Relief (“TLR”) procedures. Stated another way, when a constraint arises that would lead to curtailment, a transaction that is linked with a market redispatch transaction would be “curtailed” by implementing the redispatch transaction instead of by interrupting the impacting flow.

On May 8, 2000, the Commission approved changes to NERC’s TLR procedures to add the MRD Program. 91 FERC ¶ 61,122 (2000). On June 1, 2000, the Commission accepted revisions to NERC’s MRD Program, and granted NERC’s request to extend the MRD Program from June 1, 2000 through December 31, 2000. 91 FERC ¶ 61,219 (2000).

On September 12, 2000, NERC filed a motion to extend its MRD Program from December 31, 2000 to December 31, 2001, with an evaluation period of October 17, 2000 through August 31, 2001. NERC also stated that it would file a report and recommendation for further action not later than December 1, 2001.

On November 8, 2000, the Commission granted NERC’s request to extend its MRD Program from December 31, 2000 to December 31, 2001. 93 FERC ¶ 61,143 (2000).

On November 30, 2001, NERC requested an extension of time to file its report and recommendations for further action on the MRD Program from December 1, 2001 to February 1, 2002. NERC also requested a corresponding extension of the MRD Program from December 31, 2001, to March 1, 2002.

## II. REPORT AND MOTION TO CONTINUE

During 2001, there were seven uses of the MRD process. These MRD transactions occurred generally when the Reliability Authorities.<sup>1</sup> called TLR Level 5 curtailments.

At the end of the summer of 2001, the NERC Congestion Management Subcommittee identified a number of areas where the MRD process needed improvement. Some key areas include the following:

1. The MRD customer cannot easily anticipate and specify in advance which flowgate will result in curtailment.
2. The MRD transaction must provide a counterflow for the entire protected transaction even though the required curtailment may only be a portion of the original protected transaction.
3. The MRD customer cannot easily discover the availability of generator pairs or counterflow transactions.

To build on the work of the MRD pilot and address the areas in need of improvement, the Congestion Management Subcommittee has been developing the concept it calls “system redispatch,” whereby a central system operator coordinates redispatches across control area boundaries of counterflowing schedules.

In addition, the market participants have indicated a desire to continue the additional information on congested flowgates that the MRD pilot initiated and continues to provide. Existing emergency relief procedures such as the Lake Erie Emergency Redispatch (LEER) and

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<sup>1</sup> In the wake of the September 11 terrorist attacks, NERC has adopted the term “Reliability Authority” for the function previously known as “Security Coordinator,” to avoid confusion with matters relating to physical and cyber security.

several of the "Day 1" regional transmission organization solutions use and are based on an MRD type of approach.

In light of these benefits of continuing the MRD Program and the relatively small cost involved, the NERC Market Interface Committee recommends continuing the MRD Program until other market solutions are generally in place. Since it will be an on-going program, the Market Interface Committee also recommends removing the "pilot" designation for the MRD Program.

NERC requests expedited consideration of its Motion to Continue the MRD Program so that there is no break in authorization for the MRD Program.

Respectfully submitted,

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David Cook  
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Electric Reliability Council  
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January 31, 2002

#25980

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list maintained in this proceeding.

Dated at Washington, D.C., this 31<sup>st</sup> day of January, 2002.

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**UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION**

North American Electric	)	Docket No. ER00-3675-000
Reliability Council	)	
North American Electric	)	Docket No. ER00-2077-000
Reliability Council	)	and -001
North American Electric	)	Docket No. ER00-1666-000
Reliability Council	)	

**NOTICE OF FILING**  
(February , 2002)

Take notice that on January 31, 2002, the North American Electric Reliability Council ("NERC") filed a report and a motion for the continuation of its Market Redispatch Program beyond March 1, 2002.

Any person desiring to be heard or to protest said filing should file a petition to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with 18 CFR 385.211 and §385.214. All such petitions or protests should be filed on or before \_\_\_\_\_.

Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. Copies of this filing are on file with the Commission and are available for public inspection.

Secretary