



**Federal Energy Regulatory Commission**  
**July 17, 2008**  
**Open Commission Meeting**  
**Staff Presentation**  
**Items E-1, E-2, E-3 and E-4**

"Good morning, Mr. Chairman and Commissioners. We present to you Items E-1 through E-4, draft orders addressing planning-related compliance filings submitted in response to Order No. 890.

As you know, one of the primary reforms adopted by the Commission in Order No. 890 involved the development of a coordinated, open, and transparent planning process by each transmission provider. To remedy the potential for undue discrimination in planning activities, the Commission directed all transmission providers to develop a transmission planning process that satisfies nine principles and to clearly describe that process in a new attachment to their OATTs, known as Attachment K. By reducing their planning processes to writing, transmission providers have identified with specificity how customers and stakeholders are to be treated as they plan the expansion of their systems.

The draft orders presented to you today are the latest in a series of orders addressing the planning-related compliance filings submitted in response to Order No. 890. Over the past several months, the Commission has issued 10 orders accepting, subject to modification, compliance filings made by transmission providers in the ISO/RTO regions, Midwest United States, and Florida. Today, we present to you four additional draft orders that accept, also with modification, the Attachment K compliance filings submitted by transmission providers in the western United States – that is, transmission providers participating in the WestConnect, ColumbiaGrid, and Northern Tier Transmission Group regional planning processes.

Taken together, these draft orders further the goal of ensuring that each transmission provider has implemented a coordinated, open, and transparent transmission planning process. To help achieve that goal, these orders also direct Commission staff to continue monitoring the implementation of transmission planning processes throughout the country to determine if adjustments are necessary and to convene regional technical conferences beginning in 2009 to review planning-related developments in each region. Dan will now provide an update regarding the implementation of other reforms adopted in Order No. 890.

Good morning. As you know, Order No. 890 adopted a number of reforms to the Commission's *pro forma* open access transmission tariff, or OATT, and the Commission has largely affirmed those reforms on rehearing in Order No. 890-A, issued in December of last year, and in Order No. 890-B, issued last month. Significant progress has been made toward the implementation of Order No. 890, with the North American Electric Reliability Corporation (NERC) and North American Energy Standards Board (NAESB) nearing completion of standards and business practices necessary to support the order.

A central reform adopted in Order 890 involves the calculation of available transfer capability, or ATC. The Commission directed public utilities, working through NERC and NAESB, to develop standards to achieve the consistent and transparent calculation of ATC. After multiple rounds of comment in the NERC and NAESB processes, the draft standards are in their final stages of development. NERC has committed to filing the bulk of its ATC-related reliability standards in August 2008, which will be followed by NAESB's submission of accompanying business standards. Together, these reliability standards and business practices will eliminate the broad discretion that transmission providers currently have in calculating ATC, increasing nondiscriminatory access to the grid and ensuring that

customers are treated fairly in seeking alternative power supplies.

NAESB is also working toward completion of business standards to support other reforms adopted in Order No. 890, many of which have already been implemented. In compliance with Order No. 890, transmission providers now consider the availability of a modified form of planning redispatch or conditional firm service instead of simply denying long-term requests for point-to-point service when service is unavailable for as little as one hour. Network customers are permitted to pair requests to temporarily terminate a network resource with a request to redesignate that resource, ensuring continuity of service for those customers. Point-to-point transmission capacity is being reassigned at negotiated rates, providing greater opportunities for customers that value service the most to access that service during the two year study period. And transmission providers are posting metrics regarding their processing of service requests, and notifying the Commission – and therefore their customers – when they consistently fail to meet deadlines.

These and other reforms have been implemented by transmission providers through compliance filings that have been accepted by the Commission over the past several months. Business practices supporting many of these reforms are being finalized by NAESB, which anticipates submitting certain business practices in August 2008 to be followed by additional business practices by the end of the year.

Substantial Staff resources have been dedicated to support NERC and NAESB in their development of standards and business practices and to the broader effort to ensure compliance with Order No. 890. We would like to thank the many members of our offices, the Office of Electric Reliability, and the Office of Enforcement that have contributed to this compliance effort. Many of our team members have literally worked for years on the issues addressed in this proceeding, from the Notice of Inquiry that initiated the proceeding, to the issuance of Order Nos. 890, 890-A, and 890-B, to the review of subsequent compliance filings and preparation of related orders. We thank them for this effort.

This concludes staff's presentation. We would be happy to answer any questions you may have regarding the draft orders."