

account the regional differences that exist in maintaining reliable operations, and consequently the different facilities that should be included in the BPS from one region to the next – should not be applied on a national level. Moreover, applying the TIER Report on a North American-wide basis would be contrary to the Energy Policy Act of 2005 which requires that the facilities included within the BPS have a connection to the reliable operation of the grid, particularly generation facilities, which can only be included to the extent that the electric energy from such facilities is “needed to maintain transmission system reliability.”³

That said, EPSA agrees with the discussion at the technical conference that the TIER Report can be one aspect of a broader review of these issues.⁴ Thus rather than impose the Report on a North American-wide basis, the Commission should allow the regions to take the TIER Report into consideration as they determine the facilities that should be included within the BPS.

I. The Commission Should Not Apply the TIER Report on a North American-wide Basis to Determine the Facilities in the BPS

The design and demand on the BPS do not lend themselves to determining such matters at the national level. The demands of maintaining a reliable transmission grid vary from region to region and thus the facilities necessary for maintaining reliable operations should vary from region to region. Moreover, determining the facilities and control systems *necessary* for operating an

³ Section 215 of the Federal Power Act, 16 U.S.C. § 824o.

⁴ Transcript of the September 22, 2009 Technical Conference at page 49, lines 14-23.

interconnected electric energy transmission network and the electric energy from generating facilities *needed* to maintain transmission system reliability⁵ by necessity involves judgment, and such judgments are best made by those closest to the situation, *i.e.*, the regions. Finally, the demands on the transmission grid are evolving as the nation integrates more renewable resources onto the system and develops a “smarter” grid. The evolving use of the grid, and the fact that it will evolve in different ways and at different paces in different regions, does not lend itself to crafting arbitrary distinctions at the federal level but rather judgments at the regional level.

Applying the TIER Report on a North American-wide basis would be particularly inappropriate because the report is inconsistent with the Federal Power Act (“FPA”). FPA Section 215(a) requires that the facilities included within the BPS must have a connection to the reliable operation of the grid. For example, generators are included within the BPS only to the extent that the electric energy from those facilities are needed to maintain transmission system reliability.⁶ FPA Section 215(a) (4) defines “reliable operation” as operating the elements of the bulk-power system within equipment and electric system thermal, voltage and stability limits so that instability, uncontrolled separation or cascading failures of such system will not occur as a result of a sudden disturbance or unanticipated failure of system elements.⁷ As such, to include generators within the BPS there must be a connection to the reliable operation of the grid, as defined, and the electric energy from the generation facility.

⁵ 16 U.S.C. § 824o.

⁶ *Id.* Similarly, the BPS includes the facilities and control systems necessary for operating an interconnected electric energy transmission network.

⁷ *Id.*

The TIER Report does not make the necessary connection between the electric energy from a generation facility and maintaining reliable transmission operations. The focus of the Report is not the facilities necessary for maintaining reliable operations but on the dispatch of resources under optimal conditions and how constraints impact the dispatch of resources.⁸ As part of their analysis of the optimal dispatch, the Report simply favored “generation in particular in [their] analysis,”⁹ motivated by the “understanding of the statute which explicitly indicates that generators are important and that explicitly excludes local distribution.”¹⁰

II. The Commission Should Allow the Regions to Take the Tier Report into Account as they Consider These Issues on a Regional Basis

While EPSA opposes the application of the TIER Report on a North American-wide basis, the Commission should allow the regions to consider the TIER methodology as they determine the BPS on a regional basis. Transmission constraints not only affect the reliability of the grid, but also the economic results

⁸ Report at 15. The Report seeks to characterize the “potential of individual elements to modify or impose network constraints and in turn how those constraints impact dispatchable resources in achieving optimal operations. The authors calculated “a vector of sensitivities generator LMPs [locational marginal prices] to the marginal cost of redispatch associated with curtailment of a branch element.” *Id.* at 16 The authors then condensed the sensitivity vector information into a scalar metric that measures variation in LMPs in optimal dispatch, which the authors define as “the degree to which the pattern of admissible LMPs departs from the uniform, all equal pattern that must exist at an unconstrained solution.” *Id.*

⁹ Transcript of the September 22, 2009 Technical Conference at 43, line 18 through page 44, line 1, MR. FRANKS: The next question comes from Kevin Goolsbey from SPP. This methodology seems to say that all generation is critical to the BES. Is this the assumption that you used for the analysis?

MR. LESIEUTRE: We do favor generation in particular in our analysis, and that is motivated by our understanding of the statute which explicitly indicates that generators are important, and this explicitly excludes local distribution. So to some extent that is correct.

¹⁰ *Id.* See also page 46, lines 17-18 “[i]t does look like the model weights individual generators or GSUs at the top part of the curve, the flat part of the curve, that you indicated on the cursor.”

produced by the use of the transmission grid. Moreover, as discussed at the technical conference, the outcomes of the TIER methodology can be compared with other analysis, e.g., a stability analysis, to ensure that the appropriate facilities are being captured.¹¹ As such, the TIER methodology can be a useful tool in the analysis by the regions of the facilities to be included in the BPS.

WHEREFORE, the Commission should reject applying the TIER Report on a North American-wide basis but allow the Report to be considered on a regional basis.

Respectfully Submitted,



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Dated: October 28, 2009

¹¹ Tr. at page 49, lines 14-23. "That identification and then ranking is one--it's sort of one basis. That's one data set that could be compared, can it not, to elements that might be ranked and rated in say a stability study, or stability analysis? And those two could, I imagine they can be compared because there's nothing within your study that wouldn't allow that, and then we could see if there is a--I mean, this could be under the further category that they could be put together to see what might fall out, where there might be gaps or overlaps or even confirmation between the two."

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the comments via email upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., October 28, 2009.

A handwritten signature in black ink, appearing to read "Nancy Bagot", is centered on the page. The signature is written in a cursive style with a horizontal line extending from the end.

Nancy Bagot, V. P. of Reg. Affairs