



EPSA Comments on the ESPY Recommendations for the Entergy ICT July 30, 2010

On June 29, at the request of the Entergy Regional State Committee (E-RSC), ESPY Energy Solutions evaluated the independence and authority of the Entergy Independent Coordinator of Transmission (ICT) and made recommendations. Below are EPSA's comments submitted to the E-RSC Working Group on the ESPY report.

The Electric Power Supply Association (EPSA)¹ strongly supports the findings and recommendations in ESPY Energy Solution's review of the Entergy ICT's independence and authority. The findings concerning transparency, enforceability and inclusion accurately capture the frustrations of competitive power suppliers and other stakeholders in the Entergy footprint due to the lack of the full open access to transmission that long-standing FERC orders require to benefit consumers. It is clear that recommendations in the report are necessary steps to ensuring that the ICT can achieve its originally stated purposes.

Background

EPSA has been an active participant in the ICT's formation and continued operations and has expressed serious and ongoing concerns about the implementation of the numerous programs administered by the ICT in the Entergy region. Transmission market power concerns will only be addressed in the Entergy region through an independent entity that has adequate authority. Additionally, it is only through such an entity that truly competitive wholesale power markets can be established, enabling efficient dispatch of available generation through much needed transmission improvements to the Entergy system. In order to offer and support competitive opportunities for supply, Entergy's transmission system must keep pace with load growth and offer all suppliers non-discriminatory access to the system. To date, the ICT under its agreement with Entergy has not been able to ensure competitive opportunities for non-affiliated suppliers. EPSA views this not as an indictment of SPP as the

¹ EPSA is the national trade association representing competitive power suppliers, including generators and marketers. These suppliers, who account for 40 percent of the installed generating capacity in the United States, provide reliable and competitively priced electricity from environmentally responsible facilities. EPSA seeks to bring the benefits of competition to all power customers. The comments contained in this filing represent the position of EPSA as an organization, but not necessarily the views of any particular member with respect to any issue.

ICT, but rather as the failure of the current agreement and its implementation. While the ICT has improved transparency and stakeholder participation in the very important area of long-term transmission planning, problems persist on the Entergy system. Therefore, ICT enhancements and Entergy tariff changes are still needed. EPSA has provided comments to the E-RSC Working Group in the past and appreciates the opportunity to comment on the ESPY report.

Comments

EPSA agrees with all of the findings and recommendations in the ESPY report, especially those addressing independence and scope of authority issues. EPSA encourages ESPY to submit the report as written; EPSA will continue to support these recommendations as they are considered in the Entergy stakeholder process and ultimately make their way in to proposed tariff changes before the Federal Energy Regulatory Commission (FERC).

The ESPY report's findings and recommendations concerning independence are spot on. Increased transparency and a shift in the way stakeholder forums are initiated, coupled with penalties and performance metrics will, as the report says, aid in transforming the current ICT into the one that FERC envisioned in its orders approving the ICT's formation. Concerning transparency, the report correctly notes, "the ICT and Entergy appear to engage in discussion and conclusions behind closed doors without explanation." Thus, if the ICT makes a finding in Entergy's favor concerning a dispute, at least the appearance of undue influence is present. The report's call for increased transparency during discussions and deliberations is important because, as an independent coordinator, the ICT could certainly resolve disputes in Entergy's favor, but without transparent decision-making, those resolutions will always be suspect. Concerning penalties for inaction or errors, the report is correct in noting "[w]hile the ICT has the authority to request changes, the ICT lacks the ability to enforce the changes." Therefore, EPSA fully supports the recommendation that performance measures be adopted for both Entergy and the ICT, which would include incentives and sanctions to inspire full compliance.

Further, the ESPY report's findings/recommendations concerning the scope of the ICT's authority are also correct. If the ICT's role is expanded to include ATC/AFC calculations, stakeholders will finally have greater confidence concerning the evaluation of short term transmission service requests. After all, the ICT was tasked to be an independent evaluator of such requests; leaving the ATC/AFC calculations to Entergy makes little sense. The report properly finds that the number of errors Entergy has made over the past six years of doing these calculations is unacceptable; authority to make these calculations should be transferred to the ICT. EPSA is not suggesting that the ICT would never make an error in these calculations; however, when such an error does occur there would not be the looming specter that such an error was made to benefit the incumbent utility. Further, EPSA agrees that "the ICT should be the entity to

perform the WPP market instead of just overseeing it.” Stakeholders continue to be baffled by the process, which is not transparent and often includes Entergy choosing its own generation as the winning bidder. Again, EPSA does not object to Entergy’s generation submitting winning bids to the WPP, but allowing the ICT to independently administer the WPP – to actually chose the winners – would ensure that the process is non-discriminatory.

Summary

EPSA endorses the findings and recommendations in the ESPY report and encourages ESPY to submit the report as it is currently written. EPSA will continue to support and advocate for the recommendations in the report as they move through the Entergy stakeholder process and eventually to FERC.

Any questions regarding the comments should be directed to:

Jack Cashin
Director of Regulatory Policy
Electric Power Supply Association
1401 New York Avenue, NW
Washington DC, 20005

(202) 349-0155
(202) 253-5566
(301)908-8396
www.epsa.org
jcashin@epsa.org