BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of GridFlorida Regional Transmission Organization (RTO) Proposal	)))	Docket No. 020233-EI Filed May 8, 2002

JOINT PRE-WORKSHOP COMMENTS

Come Now, Mirant Americas Development, Inc., Duke Energy North America, LLC, Calpine Corporation and Reliant Energy Power Generation, Inc. ("Joint Commenters") and hereby file their Joint Pre-Workshop Comments pursuant to Order Establishing Procedure, Order No. PSC-02-0453-PCO-EI, issued April 3, 2002, as modified by Order Granting Joint Motion For Extension of Time To File Comments and Revising Order Establishing Procedure, Order No. PSC-02-0548-PCO-EI, issued April 22, 2002.

Joint Commenters appreciate the opportunity to provide analysis on the GridFlorida Regional Transmission Organization ("RTO"). The following comments are the product of concerted, combined effort but should be considered preliminary in character subject to continuing review by Joint Commenters and actions taken in this proceeding.

I. Introduction

The Federal Energy Regulatory Commission ("FERC") has announced a Standard Market Design ("SMD") and has issued a Notice Of Proposed Rulemaking ("NOPR") associated with generator interconnection service ("GIS") that will apply to all wholesale electric markets within its jurisdiction. As part of the implementation of such FERC policies, Transmission Providers will be required to modify their Open Access Transmission Tariffs ("OATTs") to

incorporate FERC's published requirements. Given that fact, any GridFlorida provisions which pertain to the subjects pending as part of the Standard Market Design and Interconnection Service NOPR proceedings (i.e. Congestion Management, Balancing Service, Operating Reserves, Operating Protocols, Interconnection Procedures, Interconnection Terms and Conditions, Interconnection Cost/Rate Recovery, etc.), should be left open pending final resolution of these matters at FERC.

On December 20, 2001, the Florida Public Service Commission ("PSC" or "Commission") issued its Order Finding Proactive Formation of GridFlorida Prudent and Requiring the Filing of a Modified GridFlorida Proposal, Order No. PSC-01-2489-FOF-EI in Docket Nos. 000824-EI, 010577-EI, and 001148-EI ("RTO Order"). The PSC's RTO Order directed the Applicants to replace the GridFlorida transco structure with an Independent System Operator ("ISO") structure. This can be accomplished under whatever SMD and GIS the FERC ultimately adopts.

Notwithstanding acknowledged, imminent rulemaking on the federal level, in an effort to expedite this process, Joint Commenters are providing further comments to certain Attachments to the Applicants' OATT, in order to illuminate some of the flaws in the Applicants' proposal as well as some of the positive changes being proposed by the FERC, and to highlight provisions we believe Applicants' changes have exceeded that which was contemplated under the PSC's RTO Order and in manner inconsistent with the premise of an independent RTO. In addition, Joint Commenters are providing analysis of the Participating Owners Management Agreement ("POMA"), certain governance documents and the GridFlorida Code of Conduct ("Code of Conduct"). Within the textual discussions, Joint Commenters have attempted to address as many

of the issues set forth on the Preliminary List of Workshop Subjects in Docket No. 020233[1], issued April 12, 2002, as possible.

II. Market Design

The goal of an appropriate market design for wholesale electric markets is to establish workable protocols that promote economic efficiency and lower delivered energy costs, maintain power system reliability, mitigate market power and increase the ability of load to access the greatest number of competing generation supplies. Proper market design will provide transparent locational price signals to allow the market to provide the greatest efficiency ('lowest RTO-wide cost'). This translates into competitive pressure that delivers the lowest cost possible in the short term and that incentivizes the proper balance of demand response, new generation entry[2] and transmission expansion in the long term. Price signals will support efficient decisions about both consumption and new investment. An efficient wholesale market design will benefit all customers of the system, regardless of the degree to which they participate in the markets established and whether or not their jurisdiction has retail access. In order to achieve competitive markets and the commensurate benefits, however, several fundamental elements must exist. All load serving entities must have equal, flexible and efficient access across the network. An independent entity must ensure fair and equal access through its performance of all key market functions. Key market functions include: (1) accepting and processing requests for transmission service; (2) administering the Open Access Same-Time Information System ("OASIS"); (3) dispatching generation to achieve the least cost to serve the needs of the

[1] The docket established for Phase II of the proceedings.

[2] Significant cost savings are produced for consumers where merchant generation investors take on the capital recovery risks. In this way, future supply needs to meet demand growth are possible without requiring consumers to underwrite 30 year mortgages for generation expansion despite what opportunities the future may hold. This optionality also allows load serving entities or state regulators to lock into competitively priced generation for any term that best suits consumers' needs.

aggregate RTO system and ensuring the most efficient utilization of the existing transmission capability; (4) administering the imbalance markets; (5) administuring a competitive capacity market; and (6) procuring other generator services necessary to reliably and efficiently satisfy system needs.

The FERC has announced its Standard Market Design that will apply to all wholesale transmission systems within its jurisdiction. SMD accomplishes the objectives stated above. Yet, GridFlorida Applicants disregard the industry consensus in favor of SMD, refuse to acknowledge fatal flaws of physical rights based congestion management, and in disregard of Joint Commenters and other stakeholders repeated identification of problems with the Applicants' proposed market design, continue to advocate their "square wheel" approach to market design for GridFlorida. (*See* Attachment P of the OATT).

The market design proposed by GridFlorida Applicants fails to assure independence of transmission system operation (despite the Commission's direction to implement an ISO structure), promotes the inefficient use of the existing transmission system capabilities, discriminates against some network customers and some types of generators, invites the exercise of market power and above all is unworkable. The following comments to the proposed GridFlorida market design step through the scheduling, evaluation and settlement process to identify the most dysfunctional aspects of the Applicants' proposed market design for Florida's wholesale transmission system.

A. Annual Process

Applicants propose, in section 3.3.1.3 of Attachment P, to retain the administratively inflexible approach of limiting Network Customers' ability to change their Network Resource designations to a single time each year and then give lesser Physical Transmission Right ("PTR")

allocation priority to Network Customers who exercise their redesignation right to access lower cost resources. Network Customers who modify their supply portfolio on an annual basis only get PTRs to the extent any leftovers remain after allocations to those who did not change their Network Resource designations. Joint Commenters believe this approach is discriminatory and has one objective in mind; to protect Applicants' (or their Affiliates') own generation from competitive pressures. All Network Customers who pay for a share of the same embedded network facility costs should have the same degree of access across the network to purchase from any generator connected to that system as any other Network Customer[3]. Particularly given the physical nature of PTRs, the Applicants' proposed approach discriminates against Network Customers seeking to seize lower cost opportunities available through competitive supplies and denies them equal access to the facilities all network customers collectively support. It is very possible that a Network Customer, whether due to poor power supply management practices or anticompetitive strategy, may choose not to redesignate a high cost, inefficient generator and retain associated PTRs. The result will be that a diligent, competitively active Network Customer may be denied sufficient physical access through PTRs to purchase output from a new, efficient, low cost generator. Whether driven by poor performance or nefarious intent, such a construct does not provide all Network Customers with the same level of benefit for the same level of network cost borne and frustrates market efficiency. Such discriminatory treatment and opportunity for anticompetitive blockade is not in the consumer's interest. Joint Commenters request that the Network Customers have equal and flexible access across the network that all Network Customers support. The most straightforward solution to this form of

[3] These issues are addressed in the FERC's NOPR on interconnection and the FERC Staff Paper on Options. Joint Commenters' companies have issued comments in the ANOPR proceeding on interconnection and recently to the Options Paper.

physical access is to employ a financial rights based congestion management system with location based marginal prices i.e., FERC's proposed SMD.

B. Advance of the Day Process (including Day-Ahead)

The Applicants propose a market design in which existing transmission customers are granted physical control over much of the transmission system through allocation of PTRs which convey a priority right to schedule generation injections[4]. Unlike the SMD approach which utilizes a combination of price-based access to encourage the lowest cost set of aggregate generation injections to serve load coupled with financial transmission rights to allow Load Serving Entities ("LSEs") to hedge congestion costs between a point or points of injection and points of withdrawal, the Applicants propose that PTR holders control access across the flowgates (and for non-flowgates, constraints on RTO operation of the transmission system is restricted where firm rights holders refuse to submit decremental bids associated with their schedules) and thereby either become toll keepers (to the degree they elect to sell the access controlled by their PTRs to other LSEs seeking access to alternative generation supplies) or empower them to exercise market power through their withholding of that portion of the transmission system.

In addition to carving up control over the transmission system, the Applicants also propose to ensure reliability through punitive imbalance taxes that seek to achieve through administrative restriction what could more equitably and efficiently be achieved through market signals.

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[4] While the proposal claims the right is associated with load schedules, load withdrawals as well will happen as actual demand occurs and will not be curtailed if at 30 minutes in advance of the hour, the RTO determines a specific load/generation schedule is not supported by a sufficient set of physical congestion rights. If the generation is curtailed, this means that the load will be served by the lowest priced aggregate generation of those generators allowed access versus the lowest cost available on the system (i.e., that was able to schedule generation on line). As a consequence, the accurate impact of the Applicants proposal is to preserve their generation injections through PTRs whether or not more economic choices exist for their consumers from merchant generation alternatives.

Applicants propose to require that all Scheduling Coordinators ("SC") schedules must balance generation with load at the time of submittal, then based on actual generation versus actual load, will face imbalance taxes of 10% and 20% depending on the degree of imbalance. Applicants assert that by overlaying this balanced schedule requirement with a requirement that generator/load schedule submittals also be 'covered' with the right set of physical transmission rights that the resultant generation injections will be provided at the right amounts at the right locations to assure reliable service to load. Similar to the balanced schedule requirement, enforcement of covered schedules, for practical purposes does not occur until close to real time, 30 minutes in advance of each hour, since SCs' are allowed to assume the right mix of PTRs, Recallable Transmission Rights ("RTRs"), Non-Firm Physical Transmission Rights ("NPTRs") and Next-Day Buy Through Service ("NDBTS") to "cover" their schedules in advance. As a consequence, scheduling in the day-ahead process requires neither accurate forecasting of the level and location of loads nor a feasible schedule from a congestion management perspective. In the day-ahead process, everything is assumed to work as scheduled.

C. Schedule Adjustment Process

The Schedule Adjustment process is similar to the prior process for all hours up to 30 minutes in advance of real time. At that point in time, Applicants' proposed RTO will have completed evaluations of NPTR and NDBTS requests (RTRs not recalled by that point remain the physical right of the RTR holder) and the schedules relying on NPTR and NDBTS will be locked into the redispatch cost based on the 30 minute advance modeling (redispatch cost differences between 30 minutes ahead and real time will be socialized to the firm transmission customers). Applicants' explanations of the proposal thus far naively use single generator/load schedules. Joint Commenters cannot understand from the proposal how the RTO determines

when generation schedules must be reduced or curtailed when the SC's composite schedule includes multiple generators relying on a single flowgate when the assumed set of PTR, RTR or NPTR for that SC's schedules over the flowgate turns out to be insufficient for its composite schedule. Does the RTO determine which generators are decreased or decommitted based on price? Does the SC have the right or obligation to resubmit after 30 minutes in advance of the hour? These questions are not mere details to be decided at a later date, as the Applicants would assert.

Applicants assert that schedules with an insufficient combination of PTR, RTR, NPTR and NDBTS will be curtailed. However, as a practical matter, load withdrawals will not be curtailed and furthermore, no mention is made over how the RTO will consider and resolve intertemporal constraints (start-up time, minimum run time, minimum loading, minimum down time) and their impact on the RTO's ability to assure reliable operation in future hours. Specifically, given that the NPTR and NDBTS evaluations occur hourly at 30 minutes in advance of each hour, Applicants do not explain what impact RTO reliability driven decisions to keep critical units running despite insufficient PTRs, RTRs or insufficient SC price tolerances on NPTR and NDBTS will have on both the ability to accept PTR and RTR schedules and the recovery of dispatch costs that exceed the SC's stated willingness to pay for NPTR and NDBTS. Indeed, as currently developed, no detail exists in the Applicants' proposal to address the inconsistency between their proposed hour by hour process to resolve load/generation balancing and congestion management and real world constraints that require multi-hour reliability assessments well in advance of the hour. Left unaddressed, as the Applicants have chosen to do to date, such a market design would minimally create disputes and large socialized costs, would likely promote market abuse by the entities that have intimate knowledge of the transmission system,

and may even lead to the inability of the RTO to maintain reliable control over the transmission system.

D. Real Time Process

Applicants propose that in real time the RTO generally has control over generation dispatch based on a bid based least cost security constrained dispatch. However, there are several circumstances where market participants can unilaterally direct schedule and dispatch changes that may conflict with and indeed may render infeasible the RTO directed dispatch. These exceptions to independent system operation include the ability of a SC to replace generation lost to forced outage with other generation in real time, relegating real time dispatch control over units providing regulation service and congestion redispatch control related to excess generation conditions to local Control Area Operators ("CAO") (who are market participants themselves). (GridFlorida OATT, Att. P, § 5.3 and 8.6.5, Orig. Sheet Nos. 258 and 266) In sections 8.6.5 and 9.2.1, Applicants propose that RTO dispatch be further encumbered by allowing SC's with 'accepted' schedules to elect not to submit a decremental bid. Widespread refusal to backdown generation schedules at any price will decrease the RTO's operating flexibility to the point where few options exist to manage congestion. The options that do exist may be the least efficient and most costly to consumers in the region. Clearly, such an approach is inefficient and should be regarded as suspect[5] by the Commission. Other sections provide further opportunity for the RTO's independence to be undermined through Long Term Point-to-Point agreements (*See* GridFlorida OATT § II, Orig. Sheet Nos. 46-88), PO's own tariffs (GridFlorida OATT, Att. P, §§ 3.3.1.3 Orig. Sheet No. 245), and prohibition of RTO

[5] For the Applicants to propose that some SC's may not want to decrease their schedules at any level of compensation suggests that restricting the RTO congestion management may facilitate greater revenues to those SC's through less competitive and less transparent means.

authority where the Florida Reliability Coordinating Council[5] ("FRCC") specifies Spinning and Supplemental Reserve responsibilities to specific SC's. (GridFlorida OATT, Att. P, §§ 3.3.1.3 and 6.1, Orig. Sheet Nos. 245 and 260-261). Beyond the fact that market participant manipulation of real time dispatch undermines the independence of the RTO and confidence in the competitiveness of market outcomes, the system cannot be reliably or efficiently run through parallel operational control of the system by different parties, and market participants cannot have confidence that decisions affecting their participation in the market are made by entities that are not independent.

1. RTO Independence Would Be Compromised

Applicants propose to retain control over the regulation ancillary service, including specification, procurement and dispatch of generation providing system Regulation Service. In section 5.1 of Attachment P, the Applicants propose to either require the RTO to seek agreement from the internal CAO to determine the amount of MW's of Regulation Service required or allow the internal CAO to unilaterally set the Regulation Service requirement. In either case, the proposal compromises the independence of the RTO and provides the CAO with the opportunity to promote its own market interests or the market interests of its affiliates. In addition, section 5.3 of Attachment P states that generating units providing Regulation Service are required to submit to the direction of the internal CAO. (GridFlorida OATT, Att. P, §§ 5.1 and 5.3, Orig. Sheet Nos 258-259) A non-independent CAO (who is either a market participant or an affiliate of a market participant) should not have access to competitive information of other market participants, much less the authority to direct dispatch changes in real time on such units. In fact, section 5.4 of Attachment P is explicit that the RTO will not have dispatch control over any

[5] While the governance of the FRCC has been improved, it nonetheless remains a stakeholder, and more prominently, and investor owned utility controlled body.

generation providing regulation service. (GridFlorida OATT, § 5.4, Orig. Sheet No. 259) Moreover, in Attachment P section 7.4.1, the Applicants propose that the RTO should be required to get agreement from internal CAO's in order to change the frequency of interchange schedules from 10 minutes to a shorter period. (GridFlorida OATT, § 7.4.1, Orig. Sheet No. 264) This requirement is inappropriate and appears to be designed to preserve the internal CAOs (and their affiliates) opportunity to sell Automatic Generation Control[6] ("AGC") (since they are the default suppliers) as well as the ability for CAO's to manipulate real time market outcomes. There is a clear conflict of interest in this section. Keeping the interval between RTO real time dispatch intervals longer requires greater purchases of AGC to maintain intra-GridFlorida CAO interchange schedules. It has not been explained why this is necessary, as the RTO will dispatch region-wide to resolve congestion and energy imbalances, hence there appears to be no sound basis for maintaining Area Control Error ("ACE") between multiple CAO's within GridFlorida, only the need to maintain ACE between GridFlorida and external control areas.

Similarly, with respect to operating reserve services, the FRCC should not have authority that puts it in conflict with the RTO. Under Attachment P section 6.1, the RTO is prohibited from allocating Spinning and Supplemental Reserves where the FRCC allocates such reserves directly to a SC that is a control area operator. (GridFlorida OATT, § 6.1, Orig. Sheet Nos. 260-261) Aside from the fact that this does not make sense from the perspective that the RTO operates a Florida-wide system with region-wide contingency protection (hence regional

[6] Applicants refer to AGC as Regulation Service. AGC means that one or more generators are put on remote governor control where the CAO's algorithm ramps up generation or ramps down that generation through direct control of generator output within a specified MW band (regulating range). A CAO uses this regulation to keep the Area Control Error (the difference between actual and scheduled interchange or power flow) within a specified tolerance. If load plus generation within the control area is too low they remotely ramp up the AGC generation to reduce the level of the error. This generation control happens on the order of every four seconds whereas Applicants propose economic dispatch instructions be updated every ten minutes. The longer the interval on economic dispatch the bigger the error will likely be and the greater the need for more AGC MW's.

operating reserve requirements), the RTO should be independent of all entities that are influenced by stakeholders and should have full authority for operating the transmission system, including administration of all ancillary services. It may be appropriate for the FRCC to establish minimum operating reserve requirements, but the RTO should have the sole authority to procure reserves that are not self-supplied by any LSE, not just the local CAO, and to allocate those reserves according to Commission approval based on its unilateral filing for such approval.

2. Balanced Schedule Requirement Cannot Be Meaningfully Enforced

The Applicants propose that all SC schedule submittals must be maintained in balance at the time of submittal through real time, but nothing prevents an overstatement of load or generation in advance of real time. The only consequences occur when either an SC's real time load exceeds its actual generation by a specified percentage or when the SC's actual generation exceeds its actual load by a specified percentage. As a result, schedules in advance of real time need not reflect realistic levels and locations of anticipated load withdrawals or generation injections; yet, the RTO's ability to assure reliable system operation in real time requires it to have sufficient certainty at points in advance of real time. For example, if the level and location of generation or load are substantially different than that submitted several hours in advance of real time, the RTO may proceed with a generation plan that will simply not be sufficient to maintain reliability. This occurs since many generation based responses require consideration of constraints covering multiple hours. This can include start-up times that require several hours between the point a generator initiates start-up per the RTO's direction and the point at which it can begin producing generation output. In addition, some generators also require that once generation begins, it must be maintained at a minimum MW level for several hours. Where the RTO is forced to assume that these generation schedules will occur as scheduled and that

schedule does not occur, the RTO may not become aware of the change in system conditions until it is too late for other generation actions to be taken. Outcomes can include inability to sustain reliable operating reserve levels and even loss of load, inability to honor schedules submitted with PTRs (RTO may need to rely on generation that was scheduled in one hour and needs to be kept on line to provide system support), and increased congestion costs. Given the impact that overstatement of combined generation and load schedules can have on access across the network and ultimately the price of energy in the market, clear incentives exist to game the scheduling process, yet the imbalance tax consequence only occurs if the real time generation versus load of an SC exceeds a defined tolerance. Furthermore, Applicants proposal does not address any distinctions between energy imbalance that was unavoidable. For example, should an SC face an imbalance tax if its load exceeds its own scheduled generation due to the fact that its PTR based schedule was reduced or curtailed by the RTO in order to maintain system reliability, or if it experienced a significant forced outage, whether due to loss of transmission facilities or generation facilities? Similarly, should an SC face an imbalance tax if its generation exceeds its actual load due the RTO's incremental dispatch of its generation to support system reliability or facilitate greater utilization of the network capability through redispatch? As proposed, such SC's would be taxed. Applicants have not addressed these circumstances because procedures to accomplish these distinctions would be immensely complex to implement. Overstatements or understatements are acceptable under the proposal as long as they are in balance. However, what is advertised on an individual basis as balanced schedules, indeed will likely be out of balance after transmission constraints and intertemporal constraints of generators are considered. The only practical way to ensure reliability, efficiently operate the system and encourage competitive and efficient market participation is to employ day ahead and real time

location based marginal price markets. In such markets the RTO has full operational control to maintain reliability through price based least cost, security constrained economic dispatch and load serving entities manage their power supply costs through a combination of bid prices for their own generation and financial transmission rights to hedge the difference between the busbar of their generation and the point of withdrawal of their load. FERC's proposed SMD provides these mechanisms.

3. Physical Transmission Right Based Congestion Management Is Unworkable

Under the proposed design, the RTO will approve Generation Injection Schedules (the RTO is required to accept schedule changes submitted up to 30 minutes prior to the operating hour provided the submittal purports to maintain a balance between generation and load and assumes the right mix of NPTRs, NDBTS, and RTRs). In so requiring the RTO to accept such schedule changes, there will likely be a conflict between schedule requests that minimally will require redispatch and might require partial or complete rejection of schedules in order to assure reliability. Hence, what is advertised on an individual basis as balanced schedules, indeed will likely be out of balance after transmission constraints and intertemporal constraints of generators are considered.

It is not until 30 minutes prior to the hour that confirmation or denial of NPTRs and NDBTS are confirmed. Prior to that, all schedules relying on NPTR, RTR and NDBTS assumptions might indeed have been uncovered schedules. At this point in time, however, intertemporal (e.g., unit start-up, shutdown and minimum run time) constraints and other system constraints may require changes in SC submitted generation injection schedules without offsetting load (i.e., unbalanced) or that are not 'covered' by PTRs, RTR's, NPTR's or NDBTS. As a consequence, PTR's may not provide the physical right advertised and SC's may end up

over or under generating versus real time load despite their adherence to the rules. As these comments illustrate and as Joint Commenters' market experience elsewhere evidences, administrative remedies do not work well at producing efficient, competitive markets.

4. System Reliability and Efficiency Would Be Adversely Affected

At sections 13.2.3.1 and 13.2.3.2 Applicants propose to assess imbalance taxes (of 10-20%) on LSEs who either intentionally or unintentionally experience loads exceeding their own generation supply (advance bilateral purchase or ownership), however, this is neither justified, nor appropriate and will result in unduly higher costs to consumers. (GridFlorida OATT, Att. P, Orig. Sheet No. 277) To the extent an SC elects to offer a decremental bid, the risk of exposure to imbalance taxes requires the SC to overstate the cost of generation backdown to cover the potential for an imbalance tax, thereby increasing the cost of access into the grid. Furthermore, the imbalance tax will provide the greatest risk to smaller LSEs whose relative exposure to a given unplanned outage or RTO directed change in generation, including curtailment of PTR based schedules, has much greater impact than a larger LSE with greater portfolio diversity. While related imbalance tax collections may enrich the SC's (with load) which did not face deviation taxes, there is no justification for paying anyone other than the SC's whose excess generation supported the load of the SC experiencing the forced outage. Clearly, the SC's which were perfectly in balance did nothing to help the situation. Administrative solutions simply create new and different problems. Efficiency dictates a better solution; one that is fully thought out, and one that provides market based incentives through transparent prices and truly open access. The only market design to date that can accomplish this is a market design based on financial transmission rights and location based marginal prices.

With respect to congestion management, under the veneer of market based congestion management lies the real method of congestion management, curtailment of transactions other than the Applicants (since they will assuredly have all the PTRs they need) through Transmission Loading Relief ("TLR"). In fact, section 12.2.1 proposes the RTO manage congestion across non-flowgate facilities through TLR cuts of non-firm schedules (even if LSEs, collectively, would be better served by buying from cheaper generation not scheduled under non-firm aspects of proposal). (GridFlorida OATT, Att. P, § 12.2.1, Orig. Sheet No. 275) What the Applicants propose is to spend millions of dollars implementing complex, unwieldy and indeed unworkable designs in order to handle congestion the way it is today.

Another flaw of the proposed approach is the absence of transparent prices to signal efficient market behavior. The "black box" nature of Applicants' proposed market pricing will incent behavior, but not necessarily efficient market behavior. Specifically, calculation of average zonal energy clearing prices will lead to inefficient system operation. (GridFlorida OATT, Att. P, § 13.2.2, Orig. Sheet Nos. 276-77) In order for any SC to assure it will be compensated at the full value of energy for incremental generation above its schedule, it will have the incentive to submit incremental bids above the average zonal clearing price since some suppliers are being paid above the average. All supplier bids will eventually creep up to the market's estimate of the marginal cost. Such an outcome, however, will mean that less efficient generation may end up running when more efficient generation (efficient generation may have lower incremental costs, higher efficiency, lower emissions, but guessed too high on its bid) is available. The location based marginal price approach under FERC's SMD offers a much more efficient approach since all net sellers receive the locational marginal price ("LMP"), the incentive exists to bid marginal cost.

5. Applicants' Market Design Facilitates The Exercise of Market Power

Numerous features of the proposed market design provide market participants, most notably the incumbent utilities or their affiliates, the opportunity to manipulate price and block competition without detection. These opportunities exist through their ability to deny physical market access or extract monopoly rents for such access, assume real time energy market control, run the regulation ancillary service market, game socialization aspects of pricing and remain undetected by virtue of no transparent pricing.

Applicants propose through their balanced schedule requirement to restrict market participation by competing merchant generators to the bilateral market in advance of real time, and for practical purposes, well in advance of real time. If a merchant facility has to sell to a load-serving entity to be able to schedule sufficient generation on line (i.e., submit a balancing load to offset its minimum generation level), the LSE can restrict entry several hours ahead since most units require multiple hour start-up times. Moreover, where this balanced schedule requirement is to be enforced on a zonal basis, should Applicants subsequently contend that inter-zonal constraints require local generation to support local load and vice versa, this discriminatory tool can be made even sharper.

As mentioned in earlier comments, transmission customers who receive allocations of physical rights, for practical purposes, have the ability to control or restrict physical access to the network. While Applicants may respond that such physical access control for the next hour no longer exists at 30 minutes in advance of that hour, the Applicants know full well that will do little to interfere with their ability to preclude all but peaking generation from accessing the market given that most other generation requires start-up times greater than 30 minutes. That feature allows Applicants to simply block entry and raise market prices. Further, the Applicants

are aware that once committed, many generators require minimum run time periods in excess of one hour. Given that RTRs do not become unrecallable until thirty minutes prior to each hour and NPTR and NDBTS are offered only as hourly service, even if Applicants miss the opportunity to block and a competitor's generator is started, they know they will have the opportunity to change their own schedules or perhaps even manipulate regulation service dispatch to change the system configuration sufficient to expose that generator to a TLR curtailment, unless the generator agrees to buy the PTRs they hold in return for a monopoly rent. This strategy is further assisted by Applicants' granting themselves access to competitive information of other market participants through CAO authority over Regulation Service and implementing an imbalance tax. The competing generator has the choice of either paying the monopoly rent for the PTR access or facing indeterminate liability for imbalance charges (plus a 10 or 20% tax). Such a strategy need not require that the monopolist control all PTRs needed to support the generator's schedule, only that it control enough megawatts ("MW's") of access to render the generator's schedule infeasible.

Once generation of competitors and perhaps even generation of potential customers can be hindered, Applicants have further opportunities to raise prices and, in the absence of transparent locational clearing prices, to ensure their tracks are sufficiently obscured. The most direct form of manipulating price is through strategic ramping (location, level and direction of ramping) under the Regulation Service control they have granted themselves through CAO control over that ancillary service. This strategy could be supplemented through their ability to withhold decremental bids and limit or in some cases eliminate redispatch solutions. These observations only scratch the surface of the market power opportunities that exist by virtue of

physical transmission rights-based congestion management, absence of locational clearing prices and shared real time operational control between market participants and the RTO.

III. Operating Protocol

The Operating Protocol proposed by the Applicants, of necessity, is designed to effectuate the requirements of the GridFlorida market design. As set forth in detail in the previous section, the market design proposal contained in this Compliance Filing is fatally flawed because it compromises the independence of the RTO, has an impracticable design, is unjust and unreasonable, fosters the inefficient use of resources, invites gaming and the exercise of market power, and overstates costs. The Operating Protocol shares these flaws and, as such, must be completely revised to comport with the Standard Market Design being developed by the FERC. The following comments to the proposed GridFlorida Operating Protocol demonstrate its fatal flaws.

A. RTO Independence Compromised

A critical component of RTO independence is its role as the Balancing Authority. The performance of this function by Scheduling Coordinators who are not the RTO is tantamount to enabling a limited class of market participants to control system redispatch. Conspicuous in its absence from the Operating Protocol are provisions for the GridFlorida RTO to perform this important function. While Attachment P permits (and perhaps through imbalance 'taxes', requires) SC's to maintain balance between their own load and generation, the GridFlorida RTO must perform system-wide balancing for several reasons. First, even if all individual SC scheduling requests are perfectly balanced, congestion (including effects of intertemporal constraint consideration) will occur somewhere on the system at varying periods of time and the GridFlorida RTO will require redispatch. Redispatch by definition requires the RTO to

simultaneously 'balance' the system, as opposed to each SC performing that function independently. As such, the GridFlorida RTO will serve as the Balancing Authority, notwithstanding the assertion by Applicants that each SC (or at least each CAO) should also have Balancing Authority over its system. Second, unexpected events such as the loss of transmission or generation facilities will occur and transmission and generation outages will require the GridFlorida RTO to take immediate steps to put the system back in balance.

Independence may also be compromised through exceptions to the Transmission Provider's authority. Section I.A.3. addresses safe harbor leases (GridFlorida OATT, Att. O, Orig. Sheet No. 221). The section states that a Participating Owner ("PO") is not required to turn over operational control of facilities if it would reasonably be expected to jeopardize a safe harbor lease. It may be appropriate to allow a PO to seek withdrawal of GridFlorida RTO operational control over its facilities if future circumstances indicate through a formal opinion of counsel that such condition threatens its safe harbor lease, however, a PO is either in GridFlorida (that is, under the tariff) or it is not. Whether such a PO ever withdraws its facilities, this provision should not give it the potential to pressure the RTO into decisions the RTO would not otherwise make. It is inappropriate to give a non-participating entity - one that has not transferred operational control of its facilities - the benefits of the RTO if its system is not operated as part of GridFlorida.

Certain GridFlorida funding provisions may also adversely impact the independence of the RTO. Section I.B, Security Coordinator Authority, provides that the RTO should rely on compensation from the FRCC for various Security Coordinator activities (GridFlorida OATT, Att. O, Orig. Sheet Nos. 222-223). This arrangement is inconsistent with independence of the RTO. The RTO should have the ability to self-fund through a FERC-approved Tariff for all

costs associated with performance of its responsibilities as GridFlorida. The FRCC is a PO-controlled organization and no portion of GridFlorida's budget should be controlled by market participants.

In addition to the foregoing, Joint Commenters have the following additional concerns regarding the erosion of the RTO's independence under the Operating Protocol. First, pursuant to section I.B.8, the Transmission Provider, in its role as Security Coordinator for the FRCC, 'supports' the FRCC in the implementation of the Generating Capacity Shortage Plan. (GridFlorida OATT, Att. O, § I.B.8, Orig. Sheet No. 223) GridFlorida, not the FRCC, should implement all short-term reliability measures, including the Generating Capacity Shortage Plan. Second, under section II, Determination of TTC and ATC, paragraph 4, any dispute over the line rating of a Transmission System facility is to be referred to the Transmission Planning Committee. (GridFlorida OATT, Att. O, § II, Orig. Sheet Nos. 228-229) Joint Commenters submit that instead, the determination of GridFlorida should control and the PO should have the option to seek dispute resolution or file under Section 206 with the FERC. Third, section III.B.1, states that the Transmission Provider shall develop, in collaboration with the POs, standards for the maintenance of all transmission facilities. (GridFlorida OATT, Att. O, § III.B.1, Orig. Sheet No. 230) Joint Commenters believe that this will unduly bias the decisions of the RTO. Decisions on all policy, operation and planning matters should include all stakeholders, not just PO's. Finally, section III.D.1.c.1, provides for the FRCC to follow its own procedures for addressing generation deficiencies. (GridFlorida OATT, Att. O, §III.D.1.c.1, Orig. Sheet No. 232) While Joint Commenters do not object to the FRCC following its own procedures for addressing these deficiencies, GridFlorida, as the FERC-approved RTO, must have independent

authority to propose (through a Section 205 filing) to the FERC how to address generation deficiencies and should have autonomy to follow its procedures for addressing such deficiencies.

B. Incomplete Market Design

As previously stated, the Operating Protocol is aligned with the flawed market design proposal and thus suffers from a host of associated defects. Joint Commenters have several concerns regarding the impact of an incomplete market design on the Operating Protocol. First, Section III.D.1.c.3, Near Term Reliability and Security Problems, provides that GridFlorida, acting as the Security Coordinator, has the authority to require near-term changes to maintenance schedules of 'designated Network Resources'. (GridFlorida OATT, Att. O, § III.D.1.c.3, Orig. Sheet No. 233-234) The proper reference should be to Installed Capacity and Energy (ICE) resources applied by LSEs against their ICE requirement since ICE is the vehicle by which Applicants propose that GridFlorida assure long-term generation adequacy. Prior to the establishment of ICE, or some other capacity mechanism under the GridFlorida Tariff, the Tariff should refer to individual generator's tariff applicability.

A second facet of incomplete market design can be found at section III.D.1.c.4.b.ii.c. That section states: "[a]n LSE or generator shall not be entitled to compensation for any costs incurred by the LSE or generator as a result of the acceptance or rejection of an LSE or generator-requested short-notice change." (GridFlorida OATT, Att. O, § III.D.c.4.b.ii.c, Orig. Sheet No. 236) (emphasis added) Joint Commenters are concerned by Applicants' suggestion that generators not purchased by LSEs as ICE should somehow be required to give up short term maintenance scheduling flexibility without compensation for any costs they may incur. Whether or not ICE or any other capacity market design is implemented by the start date of GridFlorida RTO operations, the only generators that should have capacity obligations such as this are those

generators owned by or purchased as capacity by LSEs. The GridFlorida tariff should not obligate merchant generators (i.e. not sold as capacity to an LSE) to provide capacity services absent compensation.

Section I.C., Service Level Agreements, provides that existing generation interconnections should not reopen previously agreed aspects of Interconnection Agreements, including standard voltage schedules, reactive support requirements, communication protocols and special operating procedures. (GridFlorida OATT, Att. O, § I.C., Orig. Sheet Nos. 223-224) Joint Commenters agree that some form of agreement is needed to assure that a generator agrees to comply with GridFlorida dispatch instructions pursuant to the tariff. However, generator compliance should be secured through a generic service agreement signed by each participant under all relevant provisions of the GridFlorida Tariff. The effect of this is that a generator that does not own transmission is not subject to the provisions on transmission ownership. GridFlorida should seek as much uniformity as possible in order to diminish any perception of bias. Section I.D, Reliability Agreement, suffers from a similar infirmity. (GridFlorida OATT, Att. O, § I.D., Orig Sheet Nos. 224-227) Separate agreements invite the perception of bias. Reliability obligations and other terms and conditions should be part of the generic GridFlorida tariff and participants should be required to sign onto the tariff if they wish to utilize the RTO.

IV. Planning

Joint Commenters endorse the Applicants' general proposition set forth in the Planning Protocol, Attachment N, that the independent RTO will have ultimate responsibility and authority for developing and approving a comprehensive GridFlorida-wide transmission plan through an annual planning process. (GridFlorida OATT, Att. N, §I., Orig. Sheet No. 197)

Unfortunately, the Planning Protocol fails to achieve this goal because of the high level of decision-making control left to the Participating Owners. The effect of over-reliance on Participating Owners is to negate the independence of the RTO and thwart the collaborative planning process.

Independence is the bedrock of Order 2000[6]. The Federal Energy Regulatory Commission clearly enunciated that "the RTO must have a decision-making process that is independent of control by any market participant or class of participants." *Id.* at 842. As it relates to transmission planning, independence requires that the RTO be informed through a full and unbiased collaborative process but not be controlled by any market participant or class of market participants. An independent planning process, will benefit consumers by assuring that all competitive, least-cost options to relieving congestion are considered. The planning process must be open and transparent but the RTO must have the ultimate responsibility for transmission planning and expansion within its region because only a single entity can coordinate those actions to ensure a least cost outcome that encourages market approaches to relieving congestion and improves reliability. *Id.* at 905.

A true collaborative process is vital to assuring that the full spectrum of planning solutions are considered and that the very best standards are developed for the region, not just those that might be to the advantage of a single class of users. Joint Commenters submit that the instant Planning Protocol thwarts the collaborative planning process and erodes the RTO's ability to make informed transmission planning decisions in a number of important ways. First, conspicuous in its absence in the instant Compliance Filing is the 'Planning Bill of Rights'

[6] Regional Transmission Organizations, 65 Fed. Reg. 809 (January 6, 2000), order on rehearing, Order No. 2000-A, 65 Fed. Reg. 12,088 (March 8, 2000).

previously incorporated in the RTO Formation Plan[7]. That section made it mandatory for the RTO to provide opportunities for meaningful participation by all Market Participants. By contrast, the instant filing places far more reliance on the planning decisions of the PO's which will limit input from other sectors of the Market Participants. In GridFlorida, the asymmetrical reliance on POs' planning for the region will not achieve the FERC Order 2000 requirement that RTO planning and expansion must encourage market-motivated operating and investment actions for preventing and relieving congestion. *Id.* Instead, the Planning Protocol retrenches the planning status quo and erodes the RTO's independence.

A. Planning Responsibilities of POs Undermine Independence

The RTO's planning independence is eroded in a number of important ways in the Planning Protocol. The Applicants, under the auspices of complying with the PSC's RTO Order, have unilaterally changed Attachment N from that which was submitted to the FERC in a manner which elevates the POs above all other stakeholders and decreases access to information. The first, and most egregious example of the loss of RTO independence is the Section VIII provisions, Planning Responsibilities of POs. The entire section is new with the PSC ISO Compliance Filing. The section states:

[7] 7.1 Planning. The Applicants shall use all commercially reasonable efforts to cause GridFlorida LLC to adopt a regional transmission planning process designed to identify and to facilitate, in a timely manner, the adoption and implementation of transmission options, including the opportunity by Market Participants to offer generation alternatives to those transmission options, that can economically relieve congestion and maintain and enhance grid efficiency and reliability. This process shall encourage and provide opportunities for meaningful, in depth participation by all Market Participants, the Florida Public Service commission and other interested parties. In order that new generation and new transmission projects are efficiently coordinated so as to ensure reliability and efficient congestion management, for each planning period, the planning process shall include, as a minimum, early, regular and compete public disclosure, consistent with and subject to confidentiality requirements and information disclosure policies, of: (i) any transmission projects proposed or endorsed; (ii) the underlying assumptions and data on which the proposal is based; (iii) any analysis relied upon by GridFlorida LLC concerning its proposed transmission plan or generation alternatives offered by Market Participants; (iv) all documents supporting assumptions underlyi8ng the proposed plan that are challenged by participants in the planning process. August 15, 2001 GridFlorida RTO Formation Documents, Volume VI, RTO Formation Plan pg. 3554.

> To fulfill their roles in the collaborative process for the development of the GridFlorida Plan, the POs shall assist the Transmission Provider in developing the GridFlorida Plan while taking into consideration the needs of (i) connected loads, including load growth, (ii) new customers and new generation sources within the POs system, and (iii) known transmission service requests. However, the Transmission Provider will have the responsibility and authority for coordinating the performance of the studies and implementing the results of such studies.
>
> POs shall provide to the Transmission Provider necessary modeling or supporting data requested by the Transmission Provider. POs shall carry out other duties that support the objectives of the Transmission Provider planning process, the calculation of ATC, or regional reliability analyses. POs shall participate in the integration and testing of the GridFlorida Plan. POs shall serve on Ad Hoc Working Groups established by the Transmission Provider to respond to transmission service requests and other matters. In accordance with the Agency Agreement, POs may also need to calculate ATC at points of delivery to or receipt from distribution facilities, as required by the Transmission Provider.

(GridFlorida OATT, Att. N, § VIII, Orig. Sheet No. 208) The focus of the entire section is wrong. The RTO should be responsible for all planning functions and the POs should provide input as needed, not collaborate with the RTO. Specifically, the POs should not 'assist' the RTO in developing the GridFlorida Plan, the POs should merely cooperate with the RTO in producing data requests and the like, as needed. Second, the RTO should not have responsibility for 'coordinating the performance of the studies' but should perform the studies internally or contract with an independent consultant to do so. Finally, the PO should not provide the modeling information but rather the RTO should acquire the license agreements for appropriate models and run the models internally or hire an independent consultant to do so. This will assure a full and unbiased analysis based on a competent set of data. In short, while Section VIII characterizes the POs' role as a 'responsibility', the effect of the section is to create a permanent position of power and control over the planning process of the RTO which effaces the RTO

effectiveness and independence. Joint Commenters propose that the section either be eliminated or that it be amended in a manner consistent with these comments.

In addition, the following changes to Attachment N give preferential treatment to POs and further undermine the Independence of the RTO.

a. Section II states that the RTO shall be organized to engage in planning activities as are necessary to fulfill its obligations under the POMA. This requirement is inappropriate. While PO responsibilities and RTO accountability with respect to existing facilities should be set forth in detail in the POMA, planning and expansion and RTO responsibilities should be set forth in the OATT. Further, the scope of responsibility and authority of the RTO with respect to planning and expansion should not be different for the various POs systems. Planning should be uniform. (GridFlorida OATT, Att. N, § II, Orig. Sheet No. 199)

b. Pursuant to Section IV, the RTO is required to include POs in the process which further undermines independence. (GridFlorida OATT, Att. N, § IV, Orig. Sheet No. 202) The section should be amended to state: "In order to carry out this function, the POs shall agree to provide the level of consulting assistance requested by the Transmission Provider."

c. Joint Commenters are concerned as to the reason the RTO is only obligated to satisfy POs' Long Term Point-to-Point requests and not those of other market participants. (GridFlorida OATT, Att. N, Orig. Sheet No. 204)

d. In Section VI (GridFlorida OATT, Att. N, Orig. Sheet No. 235), the insertion of "and POs" at the bottom of the page is inappropriate. The RTO should have ultimate control over the selection of facility expansion. POs can provide input to the same degree as other stakeholders. (GridFlorida OATT, Att. N, Orig. Sheet No. 205)

e. Section X is unnecessary. The RTO should have the flexibility to manage itself. (GridFlorida OATT, Att. N, Orig. Sheet Nos. 210-211)

f. It is not clear under Section VI why POs' existing ten year plans should be adopted immediately by the RTO. The RTO should have the flexibility to evaluate projects outside the 4-10 year lead time. (GridFlorida OATT, Att. N, Orig. Sheet No. 204)

g. At the end of Section I, the quantity and quality of information to be made available to stakeholders has been inappropriately reduced. Clarification should be added to the effect that documents explaining the analysis and the study itself should be available, not just the supporting assumptions. (GridFlorida OATT, Att. N, Orig. Sheet No. 198)

B. Resolution of Transmission Constraints

The second major problem area contained in the Planning Protocol is Section V, Resolution Of Transmission Constraints, another section that has been added as an unnecessary, unjustified adjunct to the PSC Compliance Filing. (GridFloria OATT, Att. N, Orig. Sheet Nos. 202-203) Section V effectively limits stakeholder participation in the resolution of transmission constraints. Section V provides for the creation of Ad Hoc Working Groups in the event that evaluation of posted Available Transmission Capability ("ATCs") reveals transmission constraints that would preclude a requested transaction. The RTO is to form an Ad Hoc Working Group that includes only representatives of affected POs. No other Market Participants or the Transmission Customer may participate in the evaluation performed by the Working Group. The Ad Hoc Working Group is to develop expansion alternatives, perform studies and develop the resulting options and costs to resolve the constraint which are then passed on to the Transmission Customer by the RTO. Under this paradigm, the Ad Hoc Working Group is clearly the decision-making body and the RTO is merely a conduit to the Transmission

Customer. Similarly, with respect to the equipment ratings, the POs supply the ratings to the RTO which, in turn, merely verifies the ratings. It is only through a dispute resolution process that the POs' ratings can be altered. The affected Transmission Customer has no recourse under Section V if there is disagreement with any facet of the study process, the equipment ratings used as the basis for the study, or the results of the study. From the perspective of an Independent Power Producer attempting to gain equal access to the GridFlorida transmission system, the dispute resolution procedure set forth in the Planning Protocol Section V denigrates an already discriminatory, obstructionist, time-consuming and costly process.

To cure the deficiencies of Section V, Joint Commenters propose the following amendments. First, the Ad Hoc Working Group should be constituted by all affected stakeholders, not just the POs, with a guaranteed seat for the affected Transmission Customer. Second, the RTO should have clearly delineated final decision-making authority over the entire study process, including the resulting options and costs to be provided to the Transmission Customer. Third, the equipment ratings should be determined by the RTO, not the POs. In the event of a dispute, the Dispute Resolution Procedures set forth in the Tariff should control, however the ratings set by the RTO should be used until they are changed through the Dispute Resolution process or by voluntary agreement with the affected PO.

C. Construction of Facilities Identified by GridFlorida

Section VII provides for the construction of facilities identified by the RTO as part of the GridFlorida Plan. (GridFlorida OATT, Att. N, Orig. Sheet Nos. 206-207) For facilities within a single PO's system, or facilities split between two or more PO's systems, the affected POs' will be designated as responsible to construct, own, and maintain the facilities, unless otherwise agreed by the parties. The affected POs have a right of first refusal for the construction and

ownership of such designated facilities. The construction of new facilities must be competitively bid but the PO has a right to construct the facilities by matching the lowest bid. Joint Commenters submit that just as the selection of capacity additions in Florida suffers from a lack of equity and meaningful cost effectiveness evaluation due to unchecked self-selection, so too will the construction of transmission facilities suffer if self-selection by POs is not evaluated by an independent third party. Facility construction should be a two-step process. First, a determination must be made as to whether the construction of transmission or generation is the least-cost alternative. Second, if transmission is determined to be the least-cost alternative, then a competitive bidding process analogous to that which is being proposed for the construction of generation in Florida should be utilized. The utilization of this process will ensure cost-effective facility additions. Joint Commenters urge the Commission to adopt an open and nondiscriminatory request for proposals process for GridFlorida identified transmission facilities. The primary components of such a process could be structured as follows:

1. The RTO will develop the RFP package.
2. The RTO will select a neutral third party to score the proposals.
3. Copies of the RFP package and the selection of the third party evaluator will be supplied to the Public Service Commission.
4. All potential bidders who have secured the RFP package, shall have a specified period of time in which to object to either the criteria set forth in the RFP package or the third party evaluator.
5. If an objection is received, the PSC shall conduct an expedited proceeding to resolve the disputed issues.
6. All bids, including that of the affected POs, are submitted to the third party evaluator.

7. The third party evaluator applies the criteria and ranks the proposals.

8. Whichever entity is selected is bound by the terms of the RFP and its bid.

It is important that the RFP contain accurate and complete information related to the transmission addition needed: all factors related to price and non-price criteria; the required elements for all bids; the criteria for evaluating the bids; and all major assumptions. The RFP should not contain unreasonable or excessively restrictive minimum criteria so as to limit the pool of bidders but rather should seek to encourage broad participation in the bidding process. The bidding process must be fair and if a PO bids the project, it should not be given preferential treatment or unfair advantage over the bids of other market participants. POs may still self-select but if these essential protocols are followed, the likelihood is that the process will yield the most efficient and cost-effective transmission alternatives for the State of Florida.

D. Additional Matters

In addition to the foregoing primary areas of concern, Joint Commenters have the following additional concerns. First, pursuant to Section II, the FRCC is required to review and assess the plans and reliability assessment of the RTO and the POs in coordination with NERC, and develop reliability standards and monitor and ensure compliance with such standards. (GridFlorida OATT, Att. N, Orig. Sheet Nos. 199-200) Joint Commenters agree that the FRCC should provide input into the plans and reliability assessment of the RTO but that it should not be an independent reviewer of those standards. Second, Section VI, Development of GridFlorida Transmission Plan, regarding the PSC right to review the GridFlorida Plan and provide input to the RTO also adds that input is to be given to POs. (GridFlorida OATT, Att. N., Orig. Sheet No. 205) Joint Commenters request that "POs" be changed to "affected parties" insofar as generators may propose additions to the GridFlorida Plan and the PSC should be encouraged to discuss the

decisions that inform generators' proposals as well as those of POs in order to avoid isolated decision-making. Third, no provision is made in the Planning Protocol for inter-RTO planning. Florida's interconnections may be weaker than most regions, but care must nonetheless be taken to maximize the utilization of those interties through the planning process for the benefit of Florida's consumers. Finally, recognition should be given to the extensive collaborative process that was the genesis of the Planning Protocol previously developed by the Applicants. It is generally agreed by stakeholders that that planning document achieved the goals and objectives of fair and cost-effective planning and this Commission should consider replacing the instant planning protocol with that which was previously filed with revisions made to conform to the ISO structure.

In sum, GridFlorida should have ultimate responsibly for all transmission planning and expansion functions associated with the transmission grid and should have full and final authority for all decisions. If the RTO is not capable of handling all the planning responsibilities on Day 1 of operations, milestones should be established for accomplishing full functionality within three years of initial operation. 65 Fed. Reg. At 905.

V. Generator Interconnections

As previously stated in the Introduction to these comments, the FERC has issued a NOPR for Generator Interconnection Service and Joint Commenters submit that action hereon should be left open pending final resolution of the matters at FERC. Notwithstanding, discussion of the issues as set forth herein should help focus attention on some of Joint Commenters' primary concerns with the GridFlorida filing. Applicants' compliance filing includes detailed protocols relative to Generator Interconnection Service and costs that Joint Commenters generally support, except for those matters listed below. The GIS Request Procedure applies to all

customers seeking to interconnect to or add capacity to the transmission system or modify the operating characteristics of an existing generation facility connected to the transmission system. The analysis performed pursuant to a GIS Request includes a Feasibility Study and a Facilities Study. Both studies are to be performed in the order of queue priority dates. The queue will determine the sequence of the interconnection studies, the study scopes, the priority of interconnection of two or more generators at a given location, and the cost responsibility for construction of interconnection facilities or system upgrades. (GridFlorida OATT §§ IV, 36, 39 & 41, Orig. Sheet Nos. 116, 118-119, and 122-126)

A. Timing of Interconnection Studies and Interconnection Agreements

In its Order Provisionally Granting RTO Status, the FERC indicated that "GridFlorida's time schedule is vague in parts and generally too long" and directed the GridFlorida Applicants "to revise their procedures with regard to timing of studies and agreements so that the procedures generally are consistent with or superior to the pro forma tariff." 94 FERC ¶ 61,363.

Joint Commenters maintain that Applicants have not complied with the FERC's directive. Joint Commenters suggest that the timeline for the GIS Feasibility Study under Sections 41.2 and 41.3 should be revised to conform to the timing reflected in the FERC's Notice of Proposed Rulemaking on Standardization of Generator Interconnection Agreements and Procedures, RM02-1-000. Specifically, Sections 41.2 and 41.3 should indicate that:

> The Transmission Provider shall use Reasonable Efforts to complete the Interconnection Feasibility Study no later than forty-five (45) Calendar Days after the Transmission Provider receives the fully executed GIS Study Agreement.

Joint Commenters are also concerned that the GIS study provisions do not address the performance time for the Facilities Study. Section 41.3 provides that "once work on the GIS Feasibility Study or the GIS Facilities Study commences, the Transmission Provider will use due

diligence to complete such study within 60 days." (GridFlorida OATT, § IV, 41.3, Orig. Sheet No. 125) This language is unduly vague insofar as it relates back to the Facilities Study, the start date for which will normally be upon execution of the Study Agreement. Joint Commenters recommend the following language be used in the GridFlorida OATT to address the vague provision:

> Transmission Provider shall use due diligence to complete the Facilities Study within sixty (60) days of its receipt of Interconnection Customer's notice to proceed in accordance with section 41.1(i).

Section 44.2, The Negotiation Period, addresses draft Interconnection Agreements. (GridFlorida OATT, § IV, 44.2, Orig. Sheet No. 130) The section states that the Transmission Provider shall have 30 days to provide the draft Interconnection Agreement to the GIS Customer. Joint Commenters assert that this period is too long and suggest the following revised language:

> Upon the GIS Customer's satisfaction of Section 44.1 above, the Transmission Provider shall tender to the GIS Customer a draft Interconnection Agreement. The Transmission Provider shall use its reasonable efforts to provide a draft Interconnection Agreement no later than 15 days from receipt of the GIS Customer's notice to proceed under Section 44.1.

In addition, the draft Interconnection Agreement should cover issues generally addressed in such agreements in accordance with Good Utility Practice such as construction of facilities, system operation, interconnection cost, and billing, defaults and remedies, insurance and liability, to name a few. The specific provisions of the Interconnection Agreement should be subject to negotiation after the Interconnection Customer indicates its interest to proceed with the GIS pursuant to section IV 41.4(i) of the GridFlorida OATT.

B. Modifications

Joint Commenters protest the provisions of Section 42, Unilateral Changes by the GIS Customer to Original GIS Request. (GridFlorida OATT, § IV, 42, Orig. Sheet No. 127) These

provisions allow a GIS customer a one-time right to modify, except for material changes, the initial request without losing its queue priority. Joint Commenters assert that the modification provisions contained in Sections 42.1 and 42.2 are unnecessarily complicated and convoluted. Joint Commenters suggest that this language be revised to conform to the modification provisions contained in the Standard Generator Interconnection Procedures filed in the FERC's Notice of Proposed Rulemaking on Standardization of Generator Interconnection Agreements and Procedures, RM02-1-000.

Joint Commenters propose that the following provisions be used in lieu of the OATT Sections 42.1 and 42.2:

> Section 42. Unilateral Changes by the Interconnection Customer to Original Interconnection Request
>
> 1. The GIS Customer may submit to the Transmission Provider, in writing, modifications to any information provided in the Interconnection Request. The GIS Customer shall retain its queue position if the modifications are determined not to be Material Modifications.
>
> 2. Notwithstanding the above, during the course of the Interconnection Studies, either the GIS Customer or Transmission Provider may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection, and the ability of the proposed change to accommodate the Interconnection Request. To the extent the identified changes are acceptable to the Transmission Provider and the GIS Customer, such acceptance not to be unreasonably withheld, Transmission Provider shall modify the Point of Interconnection and/or configuration in accordance with such changes and proceed with any re-studies necessary to do so and the GIS Customer shall retain its queue position.
>
> 3. Modifications permitted under this Section shall include specifically, but not be limited to: (a) a reduction in the maximum amount (MW) of net generation of the proposed project; (b) modifying the technical parameters associated with the generator or the generator step-up transformer impedance characteristics; and/or (c) modifying the interconnection configuration.
>
> 4. Prior to making any modification, the GIS Customer may first request that the Transmission Provider evaluate whether such modification is a

Material Modification. Material Modifications are those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date. In response to the GIS Customer's request, the Transmission Provider shall evaluate the proposed modifications prior to making them and inform the GIS Customer in writing of whether the modifications would constitute a Material Modification. The GIS Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.

5. Upon receipt of the GIS Customer's request for modification permitted under this Section, the Transmission Provider shall commence and perform any necessary additional studies as soon as practicable, but in no event shall the Transmission Provider commence such studies later than thirty (30) Calendar days after receiving notice of the GIS Customer's request. Any additional studies shall be done at the GIS Customer's cost.

6. Extensions of less than three (3) cumulative years in the Commercial Operation Date of the Facility to which the Interconnection Request relates are not material and should be handled through construction sequencing.

VI. Attachment W - ICE Specification

While Joint Commenters are supportive of mechanisms to assure payment for capacity services required of generators, insufficient detail exists to qualify this page as a proposal. This tariff sheet should not be considered for approval until developed.

In general, Joint Commenters support the imposition of a specific capacity obligation on all load-serving entities. Development of the capacity requirement and associated obligations on generators paid to provide capacity services should be developed in the stakeholder process and filed by the RTO. In the interim, generation reserve requirements can be addressed through Florida's existing state resource planning requirements and retail-serving utilities can meet their obligations by purchasing or self-supplying the capacity requirement for their load. However, it is essential that the RTO capacity obligation and state planning requirements are coordinated so that load-serving entities don't experience cost-recovery issues if RTO obligations exceed that of the state.

In addition, some transition mechanism may be appropriate to avoid imposing an immediate, inflexible RTO capacity obligation on load-serving entities that currently do not meet that standard. While load-serving entities currently plan to specific reserve margin targets, the planning process does not typically require that load-serving entities always be at or above the target margin. Depending on the length of time between capacity additions, the actual reserve margins in any year may be lower or higher than the target level. An abrupt change to the current system which requires all load-serving entities to maintain a uniform capacity requirement would find many load-serving entities at a stage in their capacity expansion cycle where they are below the target level. The unintended consequence of an immediate implementation of a new capacity obligation could be to force some load-serving entities to build or buy substantial new capacity in very short order, and could create the very real potential that those costs may not be completely recovered in retail rates.

VII. Attachment T

Other than the substantive change of deleting the provisions of former Section 4, Rules Applicable to the ETAs of a Divesting Owner and the conforming clerical changes associated with defining "Participating Owner" and "Non-Participating Owner" and renumbering after the deletion of Section 4, Joint Commenters challenge all other changes made by the Applicants to RTO Attachment T on the grounds that they have exceeded, without appropriate justification, the Public Service Commission's Order directing the Applicant's to replace the GridFlorida Transco structure with an ISO structure and are gaming the conversion of Existing Transmission Agreements ("ETAs) in a manner contrary to their prior representations at FERC.

A. Applicant's Changes Exceed the Public Service Commission's Order

The Public Service Commission mandate required that the GirdFlorida filing be modified to effectuate a restructuring of GridFlorida from a for-profit Transco to a non-profit ISO. In its Order, the Commission required Applicants to "address the appropriateness" of any proposed terms that are inconsistent with the findings of the PSC Order. Given this directive, all the Applicants needed to do was to make the substantive change of deleting the provisions of former Section 4, Rules Applicable to the ETAs of a Divesting Owner and the conforming clerical changes associated with defining "Participating Owner" and "Non-Participating Owner" and renumbering after the deletion of Section 4. As the former Divesting Owners under the Transco are now Participating Owners under the ISO, no further changes were necessary as all of the previous provisions associated with Participating Owners would apply. The Applicant's didn't stop there though, they used this proceeding as an opportunity to self-servingly modify additional provisions of Attachment T[8]. As shown below, the proposed modifications to Attachement T beyond the substantive change of deleting the provisions of former Section 4, Rules Applicable to the ETAs of a Divesting Owner and the conforming clerical changes associated with defining "Participating Owner" and "Non-Participating Owner" and renumbering after the deletion of Section 4 are inappropriate and should be rejected.

B. Applicants' Changes to Section 8.1 Game the Conversion of Existing Transmission Agreements

Joint Commenters specifically adapt the comments of Seminole Electric Cooperative regarding Applicants' changes to Attachment T, section 8.1 as gaming the conversions of Existing Transmission Agreements. As further support for this position, Joint Commenters

submit that the rather odd thing about the change to the cut-off date is that it didn't appear in any draft submitted to the stakeholder advisory committee prior to the filing, nor was it brought up by any of the Applicants during any stakeholder advisory committee meetings. Rather, the Applicant's inserted it as part of the final filing, thus circumventing any legitimate chance the stakeholder advisory committee might have had to address this notoriously controversial issue.

By this change the Applicants are now free to game/cherry pick whatever of their own ETAs they want grandfathered or not and will presumably argue that the ETA PTP transmission revenues under the Calpine/Seminole arrangement, which all had agreed was not subject to pancaking under Attachment T as approved by the FERC's March 28, 2001 Order, is now subject to pancaking since the agreement between Calpine and Tampa Electric Company to transport plant output to the FPC service area (where Seminole's load is located) will be executed before "January 1 of the year in which the RTO begins commercial operation," though well past the December 15, 2000 date approved by this Commission.

VIII. Participating Owner's Management Agreement

Joint Commenters endorse the Applicants' general propositions set forth in the POMA that they, as POs, will transfer, as of an established transfer date, operational control over all the 69kV and above electric facilities they own or lease ("Controlled Facilities") to GridFlorida and that GridFlorida will then assume responsibility for maintaining the integrity and reliability of such Controlled Facilities and offer non-discriminatory open access transmission service over such Controlled Facilities. The Joint Commenters also endorse the premise that GridFlorida should through its rates (i) ensure "receipt of adequate revenues to provide for the operation and maintenance of the Controlled Facilities" and (ii) "enable each PO an opportunity to earn a reasonable rate of return on and to recover the capital cost invested in its Controlled Facilities."

(GridFlorida POMA, pg. 1) Unfortunately, the proposed POMA fails to achieve these goals because of the rights the Applicants have reserved for themselves as POs and because of the revenue distribution structure they have established for themselves as POs. The net effect of the POMA is to negate the RTO's authority over the operation of the GridFlorida transmission system and ensure the recovery of unwarranted and excessive returns at the expense of wholesale transmission customers and ultimately ratepayers.

A. Negation of GridFlorida's Operational Authority and Independence

The Federal Energy Regulatory Commission clearly mandated in Order 2000 that the POs must transfer operational control over their transmission systems to the RTO. 65 Fed. Reg. at 842. The Applicants however, as is clearly demonstrated by the rights they have reserved for themselves and the operational limitations they have sought to impose on the GridFlorida under the POMA, refuse to accept this premise. In the recitals of the POMA the Applicants state their intention to reserve for themselves, as POs, rights and obligations with respect to Third Party Agreements that relate to the Controlled Facilities and impose on GridFlorida the obligation to operate the transmission system in a manner "so as to allow each PO to exercise such rights and fulfill such obligations." *Id.* Contrary to the request made by members of the GridFlorida stakeholder advisory committee ("Advisory Committee"), the Applicants define these Third Party Agreements to include everything under the sun. The POMA states: "Third Party Agreement means any contractual agreement between a PO and a third party, other than an Existing Transmission Agreement...." (GridFlorida POMA, § 2.31, pg. 5) In Section 6.16, the POs expressly reserve to themselves the right to enter into Third Party Agreements and impose upon GridFlorida, except as necessary to fulfill its role as Security Coordinator, the obligation not to operate the transmission system in a manner which would "interfere with the POs' ability

to fulfill its obligations" under its existing or future Third Party Agreements. (GridFlorida POMA § 6.16.3, pg. 11) Joint Commenters acknowledge the POs' need for a reservation of rights associated with certain types of Third Party Agreements (i.e. indentures, mortgages, deeds of trust, franchise agreements, easements and rights of way) but the Applicants' proposed language is so unlimited it jeopardizes any hope of real independence. As was previously suggested to the Applicants by many members of the Advisory Committee during the collaborative review proceedings, Joint Commenters respectfully request that the Applicants be directed to limit the definition of 'Third Party Agreements" to ownership, franchise, and pledge or lending agreements so as not to impair GridFlorida's mandated authority to independently operate the transmission system.

Pursuant to section 7.7.2, (GridFlorida POMA, pgs. 12-13) the Applicant's reserve for themselves the right not to have to transfer their assets to GridFlorida if they request a gross income on interest exclusion opinion from an independent bond counsel until such opinion is received. This places the Transfer Date, and as such the start date of the independent operation of GridFlorida, in the hands of the POs and their independent bond consultant. The Joint Commenters acknowledge the POs' concerns regarding gross income on interest exclusion, but believe those concerns are adequately addressed under the POs withdrawal of rights provisions specified in Section 9.1. Section 7.7.2 is simply a way for the Applicants to further delay the start-up of GridFlorida. As such, the Joint Commenters request the PSC to direct the Applicants to delete Section 7.7.2.

B. Recovery of Excessive Returns

Joint Commenters submit that Exhibit__,[9] Revenue Distribution (GridFlorida POMA, pg. 29) as proposed by the Applicants ensures that POs earn more than just a "a reasonable rate of return" and recover more than "the capital cost invested" in their Controlled Facilities as alleged in the POMA Recitals. (GridFlorida POMA, pg. 1) To effectuate a reasonable rate of return on investment and capital cost recovery, Joint Commenters submit that the only monies POs should receive as payment from GridFlorida are the costs of the Controlled Facilities valued over their life expectancy subject to depreciation plus the applicable regulatory approved rate of return annualized and divided into twelve equal payments. Joint Commenters request the Commission to direct the Applicants to revise Exhibit __ of the POMA accordingly.

IX. Governance

Joint Commenters applaud the progress made through the collaborative process with respect to the GridFlorida governance issues. Many of the general governance principles have, to a greater or lesser extent, been accomplished with the non-stakeholder Board of Directors structure of the GridFlorida RTO. However, as the RTO is formed and becomes operational, participants should remain ever vigilant to the proper effectuation of fundamental governance principles given to us by FERC Order 2000. First, GridFlorida, its employees, and the non-stakeholder directors must not have financial interests in market participants. GridFlorida must be independent of its member and customer markets. Second, GridFlorida must have a decision-making process that is independent of control by any single market participant or class of market participants. Third, the non-stakeholder Board of Directors must have final decision-making authority but must not become isolated from the exigencies of the markets and the

[9] The Exhibit lacks a specific designation.

customers it serves. The Board must remain informed as to the majority and minority opinions of the stakeholder Advisory Committee and any subcommittees formed under the aegis of the Board or the Advisory Committee. Fourth, Director conflicts of interests must be scrupulously avoided and the Directors must possess professional and leadership qualifications in keeping with the level of responsibilities with which they will be entrusted. While many of these fundamental principles have been attained with the instant Compliance Filing, the Commission must address several additional governance issues set forth herein.

A. RTO Formation Plan

There are several problems associated with the RTO Formation Plan. First, section 3.5 addresses the initial election of directors and the initial meeting of GridFlorida. (GridFlorida RTO Formation Plan, pg. 7) The section provides that immediately following the declaration of a slate of candidates by the Board Selection Committee, the Applicants will cause the slate of candidates to be elected or named as initial directors of GridFlorida, Inc. and designate the classes of directors. Joint Commenters submit that there is no reason why the Applicants alone should elect directors and determine the classes of the directors. Rather, the Board Selection Committee should make those decisions based on a majority vote of the Committee so that input from all sectors of Market Participants is received. In addition, Section 3.5 makes reference to the initial directors approving the By-Laws for GridFlorida, Inc. and states that the By-Laws are attached thereto as Exhibit B. The By-Laws are not attached to the RTO Formation Plan and the Joint Commenters request that the Applicants correct this omission in order to avoid confusion.

Second, Section 3.6 provides that the board of directors shall provide the Advisory Committee with a copy of the recommendation of the consulting firm regarding the compensation to be paid to directors and an annual report setting forth the compensation paid to

each director. (GridFlorida RTO Formation Plan, pgs, 7-8) Joint Commenters suggest that the Advisory Committee vote on the issue as part of its duties in order to ensure a full vetting of the matter rather than merely receive post-decisional information regarding the level and type of compensation to be paid to directors. Conforming amendments should be made to the RTO Formation Plan and the GridFlorida By-Laws.

Third, Section 4.1 emasculates the Advisory Committee members' ability to present additional minority views to the Board of Directors. (GridFlorida RTO Formation Plan, pgs 9-10) In a change in excess of the of that which was necessary to comply with the requirements of the RTO Order, or that which is reasonably necessary to conform GridFlorida to an ISO paradigm, the Applicants have limited the presentation of minority positions to the Board to only those the Board wishes to hear. The revised language is proposed as follows:

> The representatives of the Advisory Committee that share the minority view with the greatest support related to a matter to be presented to the board of directors of GridFlorida, Inc. may select a representative to present to such board such minority view, and such board, in its discretion, may invite other representatives of the Advisory Committee to present to such board additional minority views that may exist on such matter.

Id. (emphasis added) This limitation on the number of minority reports relates directly to the independence of GridFlorida. If some minority views are suppressed, the Board's decision-making process may become biased and certainly will lack the full benefit of the experience and expertise available on the Advisory Committee. In addition, any concern Applicants may have regarding the number or length of minority reports can simply be addressed with time and length restrictions on reports of both the minority and majority opinions. Joint Commenters propose that the language be stricken as spurious and inconsistent with the open governance requirements of FERC Order 2000.

Fourth, as previously mentioned in the Planning section of these Joint Comments, Section 7.1, Planning, has without explanation or cause, been eliminated from the RTO Formation Plan. Section 7.1 was the "Planning Bill of Rights". There is no reason related to compliance with the RTO Order for this significant, unjustified change. This section was discussed at length in the collaborative process and is the product of skilled consensus thinking by market participants. The stricken language benefited all market participants and customers of the RTO. The unnecessary omission of the language by the Applicants indicates a bias against an open planning process. Joint Commenters submit that the language should be reinserted into the document as previously proposed.

B. By-Laws of GridFlorida, Inc.

The GridFlorida By-Laws contain two provisions about which Joint Commenters are concerned. The first is Article III, Section 4, Meetings. This section was extensively revised in conjunction with this compliance filing. Joint Commenters are concerned that the exceedingly broad 'executive session' provision effectively negates the open meeting mandate. In pertinent part the section states:

> Except as otherwise provided herein, regular and special meetings of the board of directors...shall be open to the public....During any regular or special meeting of the Board of Directors, the Chairman, or other presiding officer, may declare an executive session which shall be closed to the public, as necessary to safeguard the confidentiality of "Confidential Information" which shall include: personnel related information, information subject to the attorney-client privilege or to confidential treatment under the attorney-work product doctrine or concerning pending or threatened litigation, information relating to strategy and negotiation sessions in connection with any material agreement or arrangement, discussions of emergency or security procedures, information regarding trade secrets, proprietary information, specifications for competitive bidding or information regarding a specific proposal if open discussion would jeopardize the cost or siting thereof or give an unfair competitive bargaining advantage to any person, or information or discussions relating to any other matter that the Chairman, or other presiding officer, in his

or her discretion, or the Board of Directors by majority vote, determines to be of a confidential nature.

(By-Laws of GridFlorida, Art III, § 4, pgs. 7-8) (emphasis added) Joint Commenters submit that the list of matters subject to executive session (and thus not conducted as an open meeting) is exhaustive and there is no need for the expansive phrase at the end of the paragraph. The nullification of the open meeting requirement through this revision exceeds the mandate of the RTO Order and harms market participants and customers by negating transparency. Joint Commenters propose that the provision be deleted.

Joint Commenters second concern with the By-Laws also relates to RTO independence and transparency. Article III, section 8 provides for the establishment of committees of the Board of Directors. The section states that the Directors may designate committees and that the committees shall consist of two or more directors. Directors may also be designated as alternate members of any committees. The committees enjoy the delegated power of the Board of Directors in the management and business of the Corporation. (By-Laws of GridFlorida, Art III, § 8, pg 10) The committees are to keep minutes of their meetings but only report to the Board when required to do so. There is no requirement in this section that the meetings of the committees be open or that the meeting be noticed. To the extent that the actions of the committees are the actions of the full Board of Directors, the same procedural requirements should apply. Otherwise, the committee provisions create a black box of governance against which there is no recourse by market participants, customers of the RTO or the Public Service Commission. This section should be amended to conform with the notice and open meeting requirements set forth in Article III, Section 4.

X. Code of Conduct

Joint Commentors have two primary concerns regarding the Code of Conduct. The first concern relates to the deletion of the competitive bid requirement for the procurement of goods or services from market participants. Former Section II, A provided in part:

> 1. Except as provided in paragraph II.A.2, any an all goods provided and services performed by Market Participants to, for or on behalf of GF, Inc. or GridFlorida shall be procured only through a competitive bidding process, whereby GF Inc. or GridFlorida shall seek competitive bids from those Market Participants willing to provide any such goods or perform any such services.
> 2. GF Inc. and GridFlorida shall not be required to seek competitive bids for goods and services performed by a transmission owner or entity that contributed its assets to GridFlorida if such goods or services relate directly to an operational or maintenance function of GF Inc. or GridFlorida, consistent with the framework and protocols approved by the Commission from time-to-time.
> 3. In the event that any affiliate of GF Inc. or GridFlorida is selected to provide goods and services through a competitive bidding process, GF Inc. or GridFlorida shall post on GridFlorida's OASIS such fact and a listing of all other entities submitting a bid in such process.

(Redline GridFlorida, Inc. Code of Conduct, § II. A, pgs. 2-3) Joint Commenters submit that these provisions, developed through extensive collaborative discussions as part of the FERC Compliance Filing, offered important protections against self-dealing by market participants. The deletion of the provisions is not justified by the required change to an ISO and the Applicants' substitution of the competitive bid requirement language with the phrase "without adverse distinction or preference to any Market Participant" does not cure the flaw. Joint Commentors request that the language be returned to the GridFlorida Code of Conduct, revised in a manner consistent with the change to an ISO.

Second, Section II.D.1 addresses participation in a pre-existing pension plan with interests in a Market Participant. The section states that:

> If the prospective Director, officer, or employee has the opportunity to transfer his or her pension account to another unrelated plan and can do so without adverse financial consequences in the opinion of the board of Directors of GridFlorida, such transfer will be required.

(GridFlorida Code of Conduct, § II.D.1, pg. 4.) Joint Commentors believe that there should be a provision for an independent review of the adverse consequences such as the independent compliance auditor. The Board of Directors is not likely to have the expertise to make this determination and may suffer from conflicts of a similar nature.

XI. Conclusion

Joint Commenters appreciate the opportunity to provide comments on the GridFlorida Regional Transmission Organization. An appropriate RTO will successfully address the existing impediments to the efficient operation of the grid and will benefit consumers through lower electricity cost resulting from wider choice of services and service providers. For the reasons set forth in the body of these Joint Comments, the Florida Public Service Commission is urged to require Applicants to revise the GridFlorida proposal in a manner that addresses the concerns set forth herein.

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DOCKET 020233

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by hand-delivery(*),facsimile (**), or U.S. Mail, to the following parties on this 8th day of May, 2002.

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