**Notice of Temporary Change in Soft Constraint Penalty – Line Flow Limits**

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The Soft Constraint Penalty for Line Flow Limits was adjusted for the WPP model for the week of April 6, 2013. The currently posted Soft-Constraint Penalty for Line Flow Limits is $4000/MWh. For the week of April 6, 2013, this penalty was increased to $100,000/MWh. This is a one-time adjustment made in response to circumstances discussed below. The Line Flow Limit Soft Constraint Penalty has been reset to $4000/MWh.

**Circumstances of April 6, 2013**: The results of the WPP modeling for the week of April 6, 2013 indicated an unusual amount of significant violations of Line Flow Limits in WPP Run1. In order to ensure system reliability is not compromised, under these circumstances, the WPP results are usually rejected and no IPP offers accepted.

After further analysis by Weekly Operations and the ICT, it was recognized the unusual transmission constraints on the Entergy system could be allowing the model to accumulate these multiple violations due to relatively undervalued penalty factors for Line Flow Limit. Consequently, ICT and Weekly Operations agreed that new production runs should be made with the Line Flow Limit Soft Constraint Penalty set at a much larger value, *viz*., $100,000/MWh instead of $4000/MWh. This new production run caused the model to avoid the reliability issues that occurred in the original run and the results were accepted.

The ICT also hereby notifies stakeholders that similar one-time soft-constraint penalty adjustments may occur if unusual circumstances warrant it.