

RTO Car Talk – February 23, 2001

NEED TO DISCUSS PPC PRINCIPLES/POSITION ON RTO WEST

On the agenda for the next PPC E/C meeting (Thursday, March 1), we will review PPC's principles vs. RTO West to date, and discuss whether and to what extent we should modify PPC's position on the RTO.

PGP LETTER TO FERC AND THE DELEGATION

The Public Generating Pool (PGP) today sent a letter to the Northwest delegation asking the delegation to urge FERC to "suspend its consideration of transmission restructuring in the Northwest." PGP declares that the power crisis in the west needs everyone's attention, and that the transmission systems in the Northwest already function just fine under open access rules. Money dedicated to establishing RTO West would be better spent on fixing transmission lines and building necessary facilities. We will keep you posted on any response. [Ed. note: nice job, PGP.]

MEETING WITH CONGRESSIONAL STAFFERS, FRIDAY BREAKFAST

A group of Northwest delegation staff members visited the region for a briefing and tour to get background on the regional energy picture; the status of the hydro system; and RTO West. Non-filing utility stakeholders met with them for breakfast before the RRG meeting. Mike Coleman of FERC, who attended throughout stage 1, also attended the breakfast and the Regional Representative Group (RRG) meeting. Those Congressional staff members who planned to attend were

Ashley Bollinger/Congressman Jim McDermott
Brian Bonlender/Congressman Jay Inslee
Doug Clapp/Senator Patty Murray
Ashley Cohen/Congressman Jennifer Dunn
Paul Gay/Congressman Brian Baird
Christian Gunter/Congressman Rick Larsen
Erik Iverson/Congressman Denny Rehberg
Carl Maxwell/Congressman Earl Blumenauer
Bill Miner/Congressman David Wu
Jordan Triplett/Congressman Adam Smith
Lesley Turner/Congressman Norm Dicks
Tom Vinson/Congressman Peter DeFazio
Hillary Barbour/Congressman Earl Blumenauer
Matt Hill/Senator Gordon Smith

About half survived the 3-day whirlwind tour and made it to breakfast with the stakeholders at 7:00 a.m. Those who attended heard a host of concerns and issues from public power, Canadian and tribal representatives. The staffers had great questions, the bottom line being that, over the course of their visit, they didn't hear a convincing argument of (a) what was "broken" that needed fixing through RTO West; and (b) whether this is good for ratepayers/constituents in the region. If the problem is a pricing issue, why not focus on addressing the pancaking/pricing problem rather than on creating a whole new entity? What are the implications for the consumer? They requested additional information we are willing to share, including White Papers.

REGIONAL REPRESENTATIVES GROUP (RRG), FRIDAY MORNING

The RTO West facilitators led the meeting; Mike Coleman of FERC attended; a few of the Congressional staffers stayed for a while.

Mike said that Commissioner Hebert has declared his intent to push for full implementation of Order 2000. When asked about the delay in FERC's ruling on RTO West stage 1, Mike said the FERC decision on both RTO West and TransConnect would be coming "soon".

To date, all RTO West Content Groups have met and an RRG meeting was held this morning to brief all RRG members and RTO groupies on issues, assignments, and other items of interest. In general, all content group reports included a quick recap of what happened in stage 1 and expected products for stage 2. Highlights follow:

Tariff Integration Group (TIGR): "mother of all coordinators" will work to take outputs of all other content groups and develop the RTO West tariff; a representative from TIGR will participate in each content group for coordination purposes.

Provisions/Requirements (PRRQ): expected products include generation integration agreement, load integration agreement, security coordinator agreement, and interconnection standards.

Planning and Expansion (PLCG): reviewed stage 1 decisions; working to develop the "market driven expansion mechanism" which would provide price signals and incentives for expansion. A small group is developing and clarifying the RTO backstop authority. Other issues under discussion are how to allocate costs/benefits of expansion, and what criteria should be established on participating transmission owners' (PTO) obligations to maintain initial transfer capability (concern: if PTO is obligated to maintain capability of controlled facilities only, what about those facilities in RTO West that are not included in "controlled facilities"?)

Market Monitoring (MMU): lots of work on reviewing what other regions have done on marketing monitoring (such as California ISO changes due to FERC order last December; what Pennsylvania-New Jersey-Maryland -- PJM -- does). FERC will have an order on market monitoring shortly, but Mike Coleman couldn't say exactly when that order would be out.

Scheduling and Ancillary Services (SCHD): broke up into two separate groups. (1) Scheduling will be working on scheduling provisions, including instructions for non-converted contracts. A tentative decision was reached to have RTO West determine the treatment of losses, but possibly have some guidance in the form of principles or a starting point. Several attendees felt this issue should not continue to be punted again since losses at current crazy prices could amount to substantial \$\$\$\$. (2) Ancillary Services is looking at lessons learned from California.

Congestion Model (CMCG): huge attendance at this group because the subject has huge implications for everyone. Activities include getting a definition for commercial flowpaths, developing the model, and having an initial FTR allocation process.

Billing & Settlements (BLST): met, lots of assignments, using Desert Star's (DSTAR) billing procedures as a starting point.

Pricing (PRCG): met, lots of issues, meeting again 3/8.

Operations (OPCG): will have four appendices to the RTO West tariff: outage coordination, public market, dispatch and metering. Small groups were staffed and each group will begin working on each area.

Seams (SEAM): primarily working with CAISO and DSTAR. Meeting with DSTAR is scheduled for Tuesday, 2/27; CAISO meeting not yet set (much concern that CAISO isn't responding to many calls at all). On intra-regional seams, such as public power utilities with their own control areas who may remain autonomous: issues likely to be dealt with in individual content groups, but concern that this approach may result in poor or inconsistent "seams". Affected publics will have to get together and work this one out. Probably need to get together soon.

OF CONSIDERABLE INTEREST ON THE COST/BENEFITS ANALYSIS FRONT

Don Furman of PacifiCorp announced that the Filing Utilities (FUs) intend to "reconstitute" discussions regarding net benefits of RTO West. He specifically noted that all IOUs must file plans with the states, and the states must be convinced RTO West is a good thing. [Ed. note: does this sound like a bias could exist as to the outcome of a cost/benefit analysis, or what?] Don said that the method used in stage 1 to assess whether there are net benefits was both controversial and difficult. Now, six months later, a lot has changed. He proposes to start with a clean slate, focus on policy and methodological issues, and quantify where possible. [Ed. note: what does this mean?] The FUs have committed to dedicate necessary resources. Bud Krogh will be the facilitator. Don wanted to be clear that this was not a step backward, but an effort to assess the implications of RTO West for consumers and the region.

[Ed. note: I have gotten word from several sources that Commissioner Hebert is not pleased that RTO West is being formed as a nonprofit entity. Has anyone else heard this?]