
1. Ed. comment and recommendation: A superb paper, 31 pages long, was issued last month by the Consumer Federation of America. This paper describes what a crock deregulation/restructuring is. Get it and read it. Here's where you'll find it on the web: www.consumerfed.org/calmkt.pdf (You will need Acrobat reader for it; if you can't get the paper from the website, let me know and I'll mail you a copy.)
2. With RTO West groupies focused almost exclusively on congestion management this month, it might be useful to give a quick summary of what we have to date on how RTO West might comply with each of the eight functions an RTO must do, as required by FERC Order 2000. This week, it's . . .

MARKET MONITORING

The Market Monitoring Unit (MMU), while part of the RTO West organization, is to be somewhat independent of the RTO West regular staff structure. The Board appoints, supervises, evaluates and disciplines the MMU Executive. Safeguards are supposed to ensure MMU independence, especially in cases where RTO West is a market participant and therefore is one of those being monitored.

The MMU's primary responsibility is to monitor markets in which RTO West directly participates, and to search for areas that are inconsistent with competitive markets. Markets in which RTO West will participate include Ancillary Services, Congestion Management and Firm Transmission Rights. The MMU will assess and report annually (or as needed) on the status of non-RTO markets -- like western power markets -- and highlight the impacts these non-RTO markets have on RTO West operations and vice versa. RTO West will have the discretion to expand the scope of the MMU activity as may be appropriate.

The MMU will collect information as part of the regular course of RTO West business, assemble and analyze the data, make recommendations to correct market design flaws and improve efficiencies, and prepare reports to the Board. If the MMU detects market performance that is inconsistent with competitive markets, it will search for the cause. If a problem is discovered, the MMU will attempt to bring the problem to the attention of RTO West's the COO/CEO. (If the MMU believes that the RTO West staff is not cooperating, the MMU has recourse up the chain of command.) The Board will decide whether to report market performance to the appropriate regulatory authority.

[Ed. Note: The California ISO's market monitoring unit identified market flaws, but the information was ignored by the stakeholder board. RTO West has proposed an independent board, a fact that is supposed to provide comfort to the unwashed masses. I take little comfort in knowing that this minor appendage -- the MMU -- will have much relevance in the grander RTO world of cost shifts, cost increases, price spikes, rolling blackouts, and, in the end, the loss of the federal transmission system.]

The MMU is not involved in enforcement; the Board will decide what action will be taken. The MMU will not address Tariff issues; Tariff Compliance will be handled by other RTO West staff.

MMU staff expertise is expected to include engineering, economics, statistics, data management, legal, electric power system operation, risk management, and other business/commercial types. Think computer geeks who believe in conspiracy theories, a la The Lone Gunmen. [Ed. note: All these employees, and no enforcement power. Are you getting the drift on how big a bureaucracy RTO West will become?]

Given problems with market failure, unheeded warnings of market monitors, and vagueness of Order 2000, FERC is expected to issue an Order on market monitoring in the near future. FERC may require an MMU to have some role in enforcement and/or penalizing bad players. Right now, though, RTO West's MMU proposal is primarily a data collection and analysis group.

More...

A light recently went on for a utility manager re the RTO. He consented to me sending out a cc of his e-mail to me. Take note, readers!

At 11:12 AM 04/06/2001 -0700, you wrote:

My [employee] just got back from a meeting with the State Department of Revenue (DOR) that has me fuming. Our property taxes are calculated by the State DOR rather than local county assessors because we operate in more than one county. Periodically, DOR wants to revise the formula they use for calculating our taxes. Avista and Puget were at the meeting (they are subject to the same tax formula we are) to answer DOR queries about new generation they are planning etc. New assets means the DOR can tax more. They also noted that Avista and PSE made a lot of cash from California and DOR therefore wanted a bigger cut.

During the conversation, Puget again represented that it wanted a fairer distribution of BPA power and was hard over in support of an RTO and bragged that it had FERC support for one. It has just dawned on my thick head that Puget wants BPA in the RTO deal for the specific purpose of getting lower transmission rates at our expense. I did not connect this to the so-called redistribution of BPA benefits to the . . . IOUs. Of course, if the IOUs contribute their transmission assets to the RTO, they could get property tax breaks as well . . .

These [IOUs] are really out to get us. Even the DOR folks noted to [us] that they [the IOUs] were not out to do us any favors. If the FUs [IOUs] can ignore the RTO planning process, PPC needs strategy in place to combat these [IOUs].