

RTO Car Talk – April 20, 2001 Edition

FERC AGENDA

RTO West is on the FERC agenda for next Wednesday, April 25. Rumor has it that the FUs will be "pleased" with the ruling.

CONGESTION MANAGEMENT

Lots of discussion, but no resolution of which model is "best" for RTO West: the multi-zone, stage 1, flow-based model; or the contract path model which keeps the flow-based model's underpinnings but assigns schedules between adjacent zones to a single link in order to simplify commercial transactions; or a third model which has very few zones. Key tradeoffs are that the greater the model's resolution (i.e., the more paths and zones it contains), the more FTRs are needed and the more complex it is. But fewer zones means more residual congestion that RTO West must clear. The first challenge is to decide the right balance between accuracy and simplicity. The second is, assuming you now have a model, allocating the costs of clearing the residual congestion. Here's what BPA's Brian Silverstein has to say about it:

"One of the decisions needed for the RTO filing is, how many flowpaths should be used? In all proposals, the primary method for limiting congestion is to sell only as many tickets (FTRs) as there are spots on the ferry (flowpath rating). That's what we do today. Only when there is a problem (cancelled ferry, big trucks) would the RTO need to actively manage congestion.

"Operations and planning folks proposed an initial map with 34 zones ('Tiny Bubbles') and over 60 flowpaths. This covers all current congestion points and then some. There are tradeoffs. Having more flowpaths keeps the RTO model and real world closely connected, which aids the RTO in maintaining reliability. It protects existing rights holders and helps keep the costs of congestion with those who cause it. On the other hand, lots of flowpaths makes doing business complicated. It may increase the opportunity for gaming and limit full use of the system.

"In response to concerns, the flowpath team proposed simplifications to 22 zones and 10 zones [Ed. note: this is the contract path model that was described in last week's Car Talk]. PNGC has advanced a model with four zones. The congestion management folks are doing analysis to see where the REAL congestion points are. It will be nice to work with some facts rather than just gut reactions."

The following is a continuation of how RTO West might comply with each of the eight functions required of an RTO by FERC Order 2000. This week, it's . . .

SEAMS

Seams issues are big right now in part because of the recent FERC push for either (a) a WSCC (Western Systems Coordinating Council)-wide RTO [Ed. note: a west-wide RTO that would include California], or (b) a seamless set of western RTOs. FERC met with reps of the western states earlier this month and heard that a WSCC-wide RTO was unacceptable.

Order 2000 declares that an RTO must "ensure the integration of reliability practices within an interconnection and market interface practices among regions" and develop mechanisms to coordinate its own activities with activities of other RTOs and control areas. This means that RTO West must adopt practices that, while perhaps not identical with those of its neighbors, are at least compatible.

For some years, the sub-groups within WSCC have been working toward coordination of commercial practices. In 1999 the Western Market Interface Committee was established to see that business practices of transmission providers don't have adverse impacts on the market, and that market practices don't have adverse impacts on transmission reliability.

So what are seams issues? They are those things that might disrupt, block or somehow threaten business or reliability because of the different practices followed by two adjoining RTOs or control areas. Examples are scheduling practices, congestion management, and operational practices like outage coordination. For RTO West, this includes pricing (recall that the no-export-fee pricing model works only if there is reciprocity with the importing RTO).

Who are the seams with? RTO West's seams would consist of the boundaries between it and adjacent RTOs: CaISO and Desert STAR; and the boundaries between it and control areas in the Northwest (i.e., utilities that have their own control areas and that do not participate in RTO West such as, perhaps, Seattle, Tacoma, Grant, Chelan, Douglas and EWEB). To the extent that Canadian utilities (e.g., BC Hydro) do not participate in RTO West, seams will exist between RTO West and them.

What's been done so far? The stage 1 filing was sparse on seams issues. Talks with Desert STAR are going well. When last researched, there were few potential mismatches between proposed practices the two RTOs; and Desert STAR was open to pricing reciprocity. Talks with the California ISO have occurred, but appear to be less productive. Talks with Northwest generating utilities having control areas have not yet occurred.