

RTO Car Talk – April 27, 2001 Edition

SURPRISE! FERC APPROVES RTO WEST, TRANSCONNECT FILINGS

The RTO West/Transconnect order on the stage 1 filing, 75 pages long, can be found through the following link on the RTO West website:

http://208.55.67.64/Index_Page_RTOWest_FilingUtilities_FERCDocs.htm

Public reps will studying these two orders over the weekend; they will meet on Monday to discuss their conclusions. On Tuesday, they will meet with BPA to chew over the orders. Sue Furst will give PPC's Executive Committee a detailed report on the orders and on the meetings on May 3 in Idaho Falls.

[Ed. note: At the risk of jumping to conclusions, and not having studied the RTO/TransConnect order in detail, here is what I believe FERC says:

1. We told you before, and we'll tell you again, we don't need no stinkin' cost/benefit study. RTOs = benefits.
2. While we approve RTO West's geographic boundaries for the time being, we are sure happy that Sect'y Abraham wrote a ltr (4/23/01) that we interpret as support for our ultimate goal of a west-wide RTO. And we interpret all the work on the "Seams" issue as an admission that RTO West techies hold a west-wide RTO as the ultimate goal. So you folks file with us, by 12/1/01, a framework for formation of a west-wide RTO. California WILL eventually be a member of your little club, despite the forceful and eloquent speeches made recently to us in Boise, by your governors' representatives, opposing a west-wide RTO.
3. PPC, you and a few other swine comp lained about RTO governance as proposed by the FUs. For example, you whined that the proposed voting structure for choosing RTO board members is biased toward the TransConnect utilities. Well, guess what. Your complaint is baseless. As a matter of fact, we hereby slam-dunk ALL you publics on ALL the suggestions you filed in the vain hope of making RTO West something you can live with. This means you lose on all the topics we address herein, i.e., cost/benefit analysis; governance; Section 205 filing rights; RTO West's and TransConnect's planning functions; and the geographic scope of RTO West.

Doubtless a few gentle readers will be offended by my characterizations of the FERC order. Or your response is that this order applies only to the sparse stage 1 filing, so may not be terribly meaningful in light of the subsequent fleshing out that has been done to stage 1 since last October. I, on the other hand, urge publics to heed the smell, sight, taste, sound and feel of FERC's order and then grab their socks. End of Ed. note.]

SURPRISE! FERC TAKES ACTION ON CALIFORNIA SITUATION

FERC's order, 35 pages long -- including Massey's dissent -- can be found through the following link on the RTO West website:

http://208.55.67.64/FERC_CalOrders.htm

As of May 29, the FERC-imposed soft cap of \$150 will be replaced by a price mitigation plan that can be in place for up to a year, provided that the three California IOUs and the Cal ISO file an RTO proposal by June 1. The price mitigation plan (1) increases the coordination and control of outages; (2) requires generators to offer all their available power in real time; (3) requires load serving entities to identify the price at which load should be curtailed; (4) sets a single market clearing price auction for the real-time market; and (5) establishes price mitigation for available capacity in real time when there is a reserve deficiency beginning with the stage 1 emergency. Basically, it appears that FERC authorized price caps (to be based on the highest costs of generation by the least efficient power plants serving the market at the time) whenever a Stage 1 emergency is declared.

Once again, Commissioner Massey dissented, saying that the plan is far too limited and electricity prices will continue to be high and unpredictable.

A local news article (Columbian?) by an AP writer appears to have misquoted the Massey opinion. The article, by an H. Josef Hebert, says "'The order turns into a pumpkin and will have no effect" if California does not join the Northwest in a joint power transmission system," said Massey.' Massey's dissenting opinion does not contain any reference to California joining RTO West.

SURPRISE! EPRI THINKS BPA COST/BENEFIT ANALYSIS IS SWELL

A 4/16/01 letter from EPRI to BPA regarding BPA's cost/benefit study, performed last year, says BPA's analysis is "excellent", "thoughtful and complete". Indeed, EPRI continues, BPA actually undervalued two benefits: avoiding customer outages and avoiding an impact on the growth of the gross state product due to outages. This undervaluation would allegedly add \$700-\$800 million to the benefits. Some of the public power folks who participated in BPA's cost/benefit study believe EPRI's assertions are based on the benefits that would accrue to the California economy rather than to the Northwest economy. This issue will be discussed at next Tuesday's BPA/Publics meeting.

NO SURPRISE. CONGESTION MANAGEMENT GOES NOWHERE

This week's all-day Congestion Management content group meeting was non-productive. After a full month of RTO West efforts dedicated to little except congestion management, there is still no proposal to take to the RRG. It's stage 1 flowpath vs. contract path, with variations and options for each, but not enough detail on either to determine which of the two models is preferable. PacifiCorp proposed that analysis be done to shed some light on the models, but the analytical model it uses is both proprietary and expensive, and the data inputs are business-sensitive, so those human beings who may use the model very few. [Ed. note: evidently only FU reps would be permitted to use that particular analytical model.] Public power reps are working on a counterproposal using a more accessible analytical model.

An RRG meeting has been tentatively scheduled for May 4. There is no congestion model to discuss and approve. Undoubtedly the implications of the FERC order on the RTO West stage 2 filing -- timing, process and substance -- will cause plenty of discussion.`