

RTO Car Talk – June 17, 2001 Edition

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#### CONGESTION MANAGEMENT

At the two all-day meetings, numerous straw proposals were discussed -- but again, no consensus. The facilitators earmarked "netting" as the pressing issue: should RTO West require netting, and if so, on what level should it be done? That is, should Scheduling Coordinators (SCs) be required to net out their schedules two hours before the active hour and sell the unused FTRs (firm transmission rights) as Recallable Transmission Rights (RTRs)?

PacifiCorp and others argued that mandatory netting at the SC level reduces scheduling flexibility and shifts risk to utilities. For example, say a PTO (participating transmission owner) schedules load and generation in two zones and its SC nets out the FTR schedules to move generation across these zones, selling the rights as FTRs or RTRs. If the PTO's generation in one of the zones goes down, the PTO will not have the rights to supplement with generation from the other zone because the FTRs have been netted out and sold. As seen in this example, netting creates reliability issues and makes schedules inflexible. Some, though, such as marketers, argued that without netting, there is no way to assure that utilities won't hoard FTRs and thereby gain unfair market power. The group discussed the possibility of having RTO West net out the schedules and sell off the remaining FTRs. The RTO would then be responsible for making a utility whole if the situation described above occurred. Because there are problems with this proposal, discussion will continue at the next meeting.

Other issues discussed include developing criteria for the creation and retirement of flow paths; setting scheduling and forgiveness thresholds and triggers; determining the impact of maintenance and other system changes on FTRs; considering the effect of phase shifter use on schedules; managing initially over-subscribed paths; and determining the level of detail needed for describing injections and withdrawals (granularity issue).

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#### PLANNING

The planning meeting scheduled for 6/15 was cancelled. A conference call is tentatively planned for 6/21; it will focus on planning principles from a policy level.

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#### PRICING/FACILITIES

A Pricing Content Group meeting is scheduled for 6/22. The group will review the latest version of the pricing model spreadsheets. These spreadsheets were developed to help illustrate the mechanics of the RTO West pricing model described in the Stage 1 filing.

[Ed. note: As I edit these reports, I cannot but think that I am producing tidy notes of, say, the Flat Earth Society.]