
CONGESTION MANAGEMENT

Another two-day congestion management jamboree occurred this week. The group made little headway on the netting issue (whether schedules should be netted out two hours before the active hour and the unused firm transmission rights (FTRs) sold as recallable transmission rights).

The group attempted to refine criteria for the creation and retirement of flow paths. The facilitator sought a vote on which parts of the proposal people could support. The PacifiCorp rep objected because "it is obvious that we do not have a consensus so we should note our differences and move on". [Ed. note: evidently this mantra is recited often by the PacifiCorp rep, and I'm told that folks appear frustrated with PacifiCorp's recalcitrance in allowing the group to tally up who is in what camp on any particular option.] While the group was cooling off during a break, the power marketers' rep asserted that if the group is not "allowed" to vote on such things, there was no reason to be involved in this public process. In other words, by stymieing a vote, Pacificorp removes any effectiveness the work group has.

The second day was dedicated primarily to discussing FTR allocation for both converted and non-converted rights. It was generally agreed that point-to-point contracts would be translated into FTRs. These FTRs would be managed by the PTO (Participating Transmission Owner) consistent with the contractual agreement. Non-converted pre-Order 888 and NT contracts would be translated as best as possible so that the region would have a sense of how much capacity is being used by these contracts. Unfortunately, these contracts are not easily translated. The rights necessary to fulfill these contracts would be managed by either the PTO or the RTO. Approximately half of the work group argued that the RTO should hold these rights, while the other half argued that the PTO should hold the rights. If the RTO holds the rights there will be greater transparency as to how the rights are being dealt with. But by managing these rights, the RTO would take on the liability associated with fulfilling the contractual obligation between a PTO and a customer. Because the translation process is inexact, more rights than are sufficient may be allocated to either the RTO or the PTO. If the RTO holds the rights, it could sell them and use the profits to reduce uplift costs. If the PTO holds the rights, it could sell them off or hoard them. Due to the even split on this issue, the group has temporarily tabled the debate to concentrate on solving other issues related to the allocation of non-converted rights. The group also discussed allocation of converted rights. The goal is to devise a method of allocation so that they PTOs are not awarded too many or too few FTRs (with in a reasonable range).

Other issues discussed were the impact of maintenance and other system changes on FTRs; the effect of phase shifter use on schedules; refinement of the scheduling and settlements procedure; definition of the link between planning and congestion management; how to ensure a liquid market for FTRs; and a determination of the initial flow paths list to be filed with FERC in August.

PLANNING

The conference call was cancelled. A planning meeting is scheduled for next Tuesday. The group will review relevant FERC orders; stage I decisions; the current congestion management model; and possible planning principles.

PRICING/FACILITIES

The group reviewed the newest version of the pricing spreadsheet model and the PTOs' facilities inclusion lists. The results of the model are illustrative only at this point, although the model will be included in the August FERC filing. The model is supposed to be updated with more current data before the filing. Some parties have questions about the PTOs' facilities inclusion methodology. At the next pricing meeting, interested parties will present a list of facilities that are not currently included but that they believe should be.