

RTO Car Talk – August 11, 2000 Edition

THE RRG (Regional Representatives Group) met August 10 to review recommendations from the Pricing and Congestion Management workgroups. RRG meetings scheduled for next week have been cancelled so that workgroups can do work. The RRG will re-convene for meetings August 23-24.

ANCILLARY SERVICES Workgroup is considering procedures for how to charge/bill for ancillary services and a startup plan for the RTO. The workgroup reached agreed on a rule allowing only one scheduling coordinator for each meter. While this issue is probably not important to most public power customers, it was a very big one for qualifying facilities (QFs) that run all their generation output through a single meter, but might not want the same scheduling coordinator responsible for both their surplus sales and their regular power purchase contracts.

CONGESTION MANAGEMENT Workgroup presented material at the RRG; there was much discussion of how existing rights to use flowpaths (commercially significant paths apt to be congested) will be addressed by the RTO. Workgroup members identified 14 to 40 possible flowpaths. The workgroup has not been able to reach agreement on whether the RTO will require those entities having existing rights to flowpaths to sell them to the highest bidder at an annual auction.

COST-BENEFIT Workgroup has nothing new to report.

GOVERNANCE/LEGAL Workgroup considered proposals that there be 3 to 6 classes that will elect the RTO Board. Discussions continue concerning which interest groups should be in which classes and whether one class (i.e., the major transmission-owning utilities) should enjoy a larger vote than other classes. Other issues are whether any one class should be able to veto a board candidate; how many people from each class should sit on an advisory committee to the RTO Board; and how the advisory board members should be selected.

TRANSMISSION CONTROL AGREEMENT Workgroup has come to consensus on most of the 30 issues originally raised by the workgroup members. Issues that still needing resolution are whether the regional preference provisions applied to RTO transmission should be removed from the Transmission Control Agreement; whether transmission owners should be required to revisit RTO rates every five years and delay imposing rate increases for 120 days; and whether all end users should be barred access to the RTO transmission system with certain exceptions for state mandated retail access programs; DSIs having rights to power under federal law; or if the retail service provider voluntarily permits such access.

MARKET MONITORING Workgroup will meet on 8/22 to put the finishing touches on its essentially completed package.

PLANNING Workgroup will meet on 8/14 to continue developing an RTO "backstop" for ensuring that projects necessary for reliable service are constructed in the event a project sponsor does not step forward. BPA/TBL managers have confirmed that they will be more vocal in support of the backstop proposal at upcoming meetings. This issue is of significant concern to more remote, high cost areas which have congested paths and/or load growth.

PRICING Workgroup continues to struggle with how company rates will be implemented, particularly with regard to what rate a utility will pay when it reconnects to another participating transmission owner: a) would the applicable company rate stay constant irrespective of change in interconnection; or b) would the RTO allow the utility to change interconnection to secure a lower company rate? While (a) would minimize cost shifts, there is concern that it may violate antitrust laws. Option (b) would increase cost shifts, but some feel that the competition that would result would keep prices low.

SEAMS Workgroup has nothing new to report.