

RTO Car Talk – August 31, 2001 Edition

INTERESTING TIDBITS

In this week's BPA/publics meeting (reported below), BPA said that PacifiCorp no longer supports a west-wide RTO. I hear there is some question as to whether Alan Richardson's quote appearing in the 8/6/01 edition of Restructuring Today is accurate ("The concept of a 'west-wide RTO is absolutely right,' [Richardson] stressed in an interview recently . . . 'PacifiCorp has people who understand how to make it work,' he added.")

PUBLICS' MEETING WITH BPA

Facilities Inclusion:

NW delegation staff members have requested facilities inclusion lists from the FUs. Public power reps continue to discuss with Participating Transmission Owners the inclusion of facilities that serve BPA's GTA customers. The necessary updates should be made in the next few weeks.

Market Monitoring:

Market monitoring meetings will resume soon. The FUs continue to discuss the possibility of having one market monitoring function for the three RTOs (RTO West, California ISO and Desert STAR).

TransConnect:

Apparently the TransConnect proposal was not fully discussed at the FUs' meeting because of time constraints. But it sounds like the non-TransConnect utilities are having the same trouble getting questions answered as the non-FUs had at the last RRG meeting. The individual TransConnect utilities refuse to answer questions directly. Instead, they direct the questions to their appointed representative who, in turn, evades the question by saying that he cannot answer because all the FUs are not present.

Planning:

Several of the FUs (BPA, Idaho Power, Pacificorp and BC Hydro) are leaning toward supporting a stronger planning function for the RTO. Consequently, one or more of these utilities will likely present a new planning proposal at the next Planning meeting.

Translation of Contracts:

As reported in last week's Car Talk, TBL and public power reps will be translating the current NT and PTP contracts into their FTR equivalents using (a) contract data, (b) feasible dispatch info from the PBL, (c) input from customers and (d) rules from the Congestion Management group. BPA and public reps are cross-referencing utility lists to make sure that no utility falls through the cracks. [Ed. note: presumably, this means the Soda Springs, Declos, Albions and Minidokas of the world.] In preparation for this process, a confidentiality agreement is being drafted. In the next two weeks, BPA will send a letter to its customers explaining the translation process.

PLANNING CONTENT GROUP

On August 14, the Western Governors signed a memorandum of understanding (MOU) to "establish a framework for the cooperation between Western states and the federal government to rapidly address immediate energy shortages and longer-term problems that may face the West" (full text at www.westgov.org/wga/initiatives/energy/energy_mou.pdf). Because the objectives of the Western Governors' Ass'n (WGA) overlap with functions of RTO West, the RTO Planning group is following the WGA progress on energy issues. The MOU provides that the WGA resolves to "assure the construction of needed electricity transmission additions: (a) ask industry and states to undertake the more detailed studies identified in the Conceptual Transmission Plans report, including potential addition transfer capacity between western and eastern interconnections; (b) urge the industry, states, provinces to implement immediately a pro-active Western Interconnection transmission planning process; and (c) ask FERC to adopt policies that enable the integration of individual transmission requests made of utilities into more comprehensive transmission plans."

The current concept of RTO West's planning function seems to correspond with the objectives of the WGA. The Planning group is now discussing the role of a planning backstop for the RTO. A proposal will be developed for next week's meeting. Here is a rough sketch of how the process might look:

On an ongoing basis, RTO West will preform reliability tests on the system to ensure that reliability standards are met. When the RTO extrapolates and finds a potential breach in future reliability, it will widely publicize the problem. The RTO will develop several solutions to the problem (both transmission and non-transmission projects). In an open process, the RTO will solicit market participants for project support. If the market does not take care of this problem after some specified time period, the RTO will begin a backstop process. This process has yet to be defined.

The biggest concern among group members is the financial impact of the backstop: how the RTO will pay for backstop projects? There is considerable fear that the RTO will peanut butter these costs over all of the Participating Transmission Owners. And, if RTO West tries to allocate costs by determining who benefits from the use of the lines, it may not be able to charge the right actors. For instance, if a particular generator is the largest beneficiary of a new line being built, RTO West will not be able to nail the generator with the costs (the RTO lacks the legal right to do so).

[Ed. note: What is one to make of a situation in which the system -- the buying and selling of electricity -- is being reformed so as to let the dynamics of the free marketplace control expansion and operation of that system, but where the institution overseeing the marketplace -- RTO West -- must have to take action of an expensive, capital nature because the marketplace can't be trusted?]