

RTO Car Talk – September 28, 2000 Edition

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The FUs will be in Washington, D.C. tomorrow (Friday, 9/28) for the pre-filing conference with FERC. The ITC (Puget, Montana Power, PGE, Avista and Sierra Resources) will tell FERC what it is up to at a separate FERC meeting.

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**THE FILING:** The FUs do not agree on what should be included in the filing. The debate centers around what should be submitted to FERC for approval versus what should be submitted merely for information purposes. The filing will consist of three main sections: governance (to be submitted for approval); a narrative section or filing letter describing areas of agreement; and the Transmission Operating Agreement (TOA).

Although the FUs seem to agree that the TOA won't be completed for the 10/16 filing deadline, they don't agree on whether the TOA will be in good enough shape for FERC approval. PacifiCorp, BPA and Idaho Power want to have a TOA that is as complete as possible and submit it for FERC approval on the grounds that the TOA is the heart of the filing and without it there isn't really a deal. Others, primarily Montana and PGE, believe that the TOA should be submitted for information only because it will be harder to modify later if FERC approves. Bud Krogh suggested that the FUs negotiate a memorandum of understanding (MOU) outlining the principles of the TOA, but BPA is worried that focus on an MOU will draw attention away from the TOA. PGE suggested a 30-day extension, but BPA doesn't want to delay because BPA's involvement may become less certain after the election. (Editor's note: !!!!!)

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**Outstanding Issues:**

1. Elimination of volumetric charge for exports: There is some question of whether the exporter will be paying its fair share of transmission, but to include an export charge could mean the entire RTO pricing structure falls apart. Apparently, Enron got to FERC and made some convincing arguments. Stay tuned.
2. Facilities inclusion: Although BPA still expects to toss all of its transmission facilities into the RTO, other FUs are not of the same mind, nor, as we pointed out last week, is FERC inviting this to happen. The upshot is that there may be vertical pancaking; FERC "expects this can be addressed".
3. Pricing: So confusing that the FUs have planned a half-day seminar on 10/18 to explain it.
4. Congestion management: After the FERC session with non-filers last week, the FUs decided to adopt the public power proposal and allow FTRs for load growth. Construction and who-pays issues for congestion clearing are still being worked on.
5. Planning Backstop: Work is in progress to restore the planning backstop for reliability and load service (the original RRG recommendation for the backstop was removed last week by the FUs).

6. Governance/Voting: PGE is still pushing for the ITC and individual ITC members to get what amounts to the lion's share of votes for the RTO board of trustee candidates. The publics are outraged and have come out in strong opposition, noting that PGE's proposal jeopardizes the independence of the RTO.

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So what about Cost-Benefit? As mentioned last week, the FERC staffer suggested that FERC didn't much care about the cost-benefit study results because FERC believes that RTOs are inherently a good thing. The filing will not include mention of the results of a cost-benefit study, and the FUs are not putting any substantial effort into the study. At last week's RRG meeting, BPA said that the study would not be available until the end of this week, and now BPA claims it won't be done until next week due to problems with the model. We are troubled that even if all of our issues are successfully addressed, RTO West may not be a desirable outcome unless/until we have assurance that ratepayers will not be harmed.

[Editor's note: Indeed, Rep. Peter DeFazio (R-OR) just wrote a letter to Judi Johansen asking to see "a bottom-line evaluation of the cost savings to Bonneville customers."]

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The RTO process has spawned an ever-increasing number of acronyms. PPC staff has compiled and defined as many as they can think of. The list is attached for your reading pleasure.



[Acronym.doc](#)