

RTO Car Talk – October 4, 2000 Edition

1. UPDATE ON 9/28 FU/FERC MTG: FERC guidance covered the following issues: the RTO must have a planning backstop role; a 10-year Company Rate is OK; there were no pricing "showstoppers". FERC said a startup date for RTO West of December 2002, rather than December of 2001, would be OK.

It is likely that BPA/Idaho/PacifiCorp (BIP) will file together on 10/16, while the ITC (Montana Power, Sierra Resources, Avista, PGE, Puget) will file a month later -- FERC is OK with that, too. Both the BIP and ITC filings will include the bylaws and other governance documents, and the TOA without Exhibits. The Tariff, TOA with Exhibits, and other agreements -- Generation and Load Integration, Security Coordinator, Scheduling Coordinator Agreements -- will follow within 90 days of each filing. We do not know how the two filings will differ (and either BPA didn't know or wasn't saying).

BPA met with staff from OMB and the Northwest delegation, all of whom were pretty much OK with things to date except for delegation staff concerns about cost/benefits.

2. STATUS OF PARTIAL TOA. There is no real activity on the partial TOA, but some public utilities, such as 3rd AC participants, remain interested. BPA will work with interested customers on this subject and on options for dealing with 3rd AC ownership (which would include a partial TOA). Ruth Bennett agreed to set something up.

3. FUTURE FU MEETINGS: FUs' legal folks have been working on the TOA. Avista and Idaho Power, who are using the same law firm, said they would do a little "rearranging" but effectively rewrote the TOA. The radical changes made were not OK with others and we are back to something based on the IndeGO model. A new version should be out soon for comments to those who were involved through the workgroup.

4. PLANNING: FERC input has been of great assistance in restoring the planning backstop that was removed from the FU recommendations last month. Of course, we will need to see if one or both of the filings follow through.

5. GOVERNANCE/VOTING: There are still a few issues here. The PGE proposal that would allow ITC participants to double-vote is getting plenty of input from public power folks and BPA. Independence is the concern. BPA is optimistic that the PGE proposal will fail. The make-up of the Board is another issue; qualifications are currently slanted to favor those with corporate business background (like auto and pharmaceutical companies) and against those with non-profit, government and education experience (like Red Cross and Harvard). BPA supports a nominal membership fee of around \$500 to join the RTO, while others are pushing for a much higher fee of \$5000.

6. FACILITIES INCLUSION: A bit of clarification on the relationship between the RTO and transmission regarding "C" facilities (i.e., those necessary for wholesale transactions but which are distribution rather than transmission). The FU recommendation is that the RTO would control access to "C" facilities; Snohomish was concerned about what that really meant.

BPA clarified that the intent was for the RTO to provide one-stop-shopping on access, and that "RTO Controls Access" applies only to ETOs (transmission owners that execute a TOA).

7. PRICING WORKSHOP: In a conference call last week to brief the transmission users group on RTO activities, it was mentioned that the FUs would sponsor a half-day workshop on RTO Pricing on 10/18. BPA was unaware of this and thought it a misinterpretation of a statement that the FUs should sponsor such a workshop. BPA will follow up.

8. BPA-CUSTOMER WORKSHOPS ON RTO. Ruth Bennett said that workshops, being scheduled around the region, are intended to be general and introductory in nature, and that BPA is willing to work with public power collaboratively on the content.

9. BPA AS SCHEDULING COORDINATOR: BPA is still unsure whether it will be PBL or TBL which will offer scheduling coordinator services, but "BPA" will offer the service at cost to full and partial/simple customers. Of course, these customers are under no obligation to use BPA and are free to purchase the service from another provider. Complexity, potential problems with standards of conduct, and other concerns have not swayed BPA to offer this service to Slice or partial/complex customers. PNGC requested that BPA consider offering this service to Slice participants for service to load only; BPA suggested that PNGC bring a proposal back to PBL and TBL.

10. EXPORT RATE: FERC is fine with the FU proposal not to have a volumetric charge on exports from the RTO -- contingent on the recipient RTO providing reciprocity. Without reciprocity, export charges work just fine.

This does not mean exporters pay nothing; they are still on the hook for any transfer payments, congestion management fees, or other "special stuff" (new technical term coined by BPA's Dennis Metcalf) to assure Canadian exporters don't get free transmission.

11. CONGESTION MANAGEMENT: Usual issues are still out there. New concern is what happens to queued requests of all the utilities when they are handed off to the RTO. The process for determining what FTRs will be associated with pre-existing contracts could be long and involved. Also, there is still no specific grandmothing date for pre-existing contracts. The current FU plan does intend that grandmothing will be determined by the date the contract is executed rather than the service commencement date. The public power straw proposal had a grandmother date of 12/15/01 (date of contract's execution).

12. RULES FOR OVERALLOCATION OF FLOWPATHS: The FUs' current proposal uses a drastic action -- pro rata reduction of FTRs -- first, before implementing redispatch, FTR buy-back, or other kinder, gentler approaches. BPA claimed that the language in the TOA is in progress and isn't entirely sure where it will end up, but BPA acknowledged the concern and said staff may work on the issue later.

13. SHORT-TERM IMPUTEDS (Transfer Payments): PacifiCorp and BPA are still meeting on this issue and it is still not resolved.

14. COST/BENEFIT ANALYSIS: The Aurora model continues to yield

inconsistent results. Last week Canada was the big winner, this week Aurora says Canada is a loser (like the rest of us). BPA and PacifiCorp seem have (ed.: blind?) faith that there are benefits of \$100-130 million/yr in reduced outages and another \$31 million/yr associated with reserves. One consistent Aurora result is this: in almost every run, there aren't any "demonstrable end-use consumer benefits" in the Northwest, one of the original principles of the Northwest RTO.

Because the FUs will be extremely busy on the filings, the meeting scheduled for next Tuesday between publics and BPA is cancelled. Peggy Olds said she will keep the meeting "active" in case something happens and we decide we want to meet.