

**Planning
Work Group's Bulleted
Recommendations to the
RTO West
Regional Representative Group**

August 2, 2000

**Background:
Work Group Principles**

- **Continuation of Current Planning Functions**
- **LSEs responsible for load-serving**
- **RTO responsible for security of RTO Grid**
- **Parties that pay have a say**

**Background:
Order 2000 Parameters**

- **RTO has ultimate responsibility for planning and expansion**
 - **Single entity coordination**
 - **Considerable flexibility regarding specific design questions (who decides/allocation of benefits and costs)**
 - **Strong preference for market-driven approach**
 - **Required to provide service**
 - **RTO can direct or arrange for construction**
 - **Process must be consistent with state and local responsibilities**

**Background:
Definitions**

- **Planning**
- **Decision-Maker**
- **Market-Driven Mechanism (Pure and Modified)**
- **Market Failure**
- **RTO Facilities**
 - **RTO Grid**
 - **Local Facilities**
- **Non-RTO Facilities**

Background: Policy Issues

- **Facilities Inclusion**
- **Planning Obligations**
- **Decision-Making Authority of RTO?**
 - **None?**
 - **Maintain Initial Transfer Capability?**
 - **Anticipate, plan for, and develop system?**

Background: Policy Issues

- **If no decision-making authority, can RTO do anything other than reduce use of RTO Grid?**
- **Should interconnecting facility mitigate impacts on RTO Grid?**
- **RTO Perform/RTO Coordinate?**

RTO Facilities

- **Open-Access Paths**
 - **Facilities that the RTO controls and offers service over**
 - **Paths (parallel or series) that affect the transfer capability of such facilities**
 - **No planning reason to include non-essential transmission facilities**

RTO West's Planning Responsibilities

- **Planning Process**
 - **Responsibility for planning RTO Grid**
 - **Nature of responsibility for Local Facilities, if any, will depend upon the decision-making and cost recovery framework ultimately agreed to by RRG**

RTO West's Planning Responsibilities

- **Planning responsibility includes:**
 - **Determining RTO Grid's capability/bottle necks**
 - **Reliability assessment of RTO Grid**
 - **Providing above information to market**
 - **Upon request for service or other action, identify and evaluate alternatives in public process that takes into account non-transmission solutions and impact of RTO Grid activities on non-RTO Facilities**
 - **Coordinating expansion activities**

Cost-Recovery Scenarios and Implications for RTO Planning

• RTO Grid

- **RTO Decision-Maker with company, area, or postage stamp rates**
 - Open planning process taking into account non-transmission alternatives; larger planning staff needed to allocate costs and benefits (which could be difficult to do)
- **Market-Driven Mechanism**
 - Open planning process taking into account non-transmission alternatives

Cost-Recovery Scenarios and Implications for RTO Planning

• Recommendation for RTO Grid

- **All expansion decisions left to market**
 - Exception for replacements for catastrophic and unexpected loss of facilities (cost to be recovered through company rates)
- **If RRG opts for RTO “backstop” to maintain RTO Grid’s transfer capability at level sufficient to satisfy “Day One” FTRs or “keep the lights on,” RRG should consider recommendations of Market-Driven Expansion Mechanism Small Group (8/9/00)**

Cost-Recovery Scenarios and Implications for RTO Planning

• Local Facilities

- **If there are no Local Facilities, the RTO need only be involved in local planning to ensure no negative impacts on RTO Grid transfer capability, and to coordinate seams issues and joint projects**
- **If non-essential facilities are included in RTO tariff and costs are spread to larger group of RTO customers, there will need to be more RTO involvement in local planning**

Cost-Recovery Scenarios and Implications for RTO Planning

• Recommendation for Local Facilities

- **PTO after open process (that takes non-transmission alternatives into account) should decide whether replacements or additions should be made and recover cost through company rates**
- **RTO only involved in local planning to determine no negative impacts to RTO Grid, and to coordinate seams issues and joint projects**
- **No need for RTO backstop on reliability as that will be taken care of elsewhere (mandatory standards)**

Mitigating the Impacts of Interconnections

- **RTO West should require owner of new facility that is interconnecting with RTO Grid to mitigate the impacts of its interconnection on the operational transfer capability of that particular segment of the RTO Grid.**

Division of Planning Functions Between RTO West and the PTOs

- **Policy Choice**
 - **Staff up the RTO to assume a lead engineering role (RTO Performs)**
 - **Whether to leave that role to the PTOs with oversight and coordination by the RTO planning staff (RTO Coordinates)**
- **Not Consensus**
 - **BPA, Montana, BC Hydro, PNGC favor RTO Performs**
 - **Avista, Idaho Power, Sierra Pacific/Nevada favor RTO Coordinates**

ITC

- **As the ITC does not have a specific planning proposal regarding planning, the Planning Work Group does not have a recommendation regarding the ITC.**