



Ancillary Service Work Group
Report to the RRG

Recommendations

August 23, 2000



Outline of Presentation

A/S Work Group Consensus Recommendations

Remedial Action Scheme Arrangements

WSCC RMS Program

RTO Role In A/S Markets

RTO A/S Function Initial Operation



REMEDIAL ACTION SCHEME

ISSUE: What arrangements should be made?

BACKGROUND

Numerous schemes support existing transfer ratings

Critical to sustaining existing transmission capability

Variety of arrangements from contracts to voluntary agmts

**Planning Work Group recommending TO responsible for
maintaining transfer capabilities**



REMEDIAL ACTION SCHEMES

RECOMMENDATION:

End State

Competitive process

Compensation to RAS resource suppliers

Cost to implement borne by suppliers

**Cost to procure charged to users on RTO, company
or path basis**

PTO/RTO responsible depending upon circumstances



REMEDIAL ACTION SCHEMES

RECOMMENDATION:

Transition

RTO participants commit to 3 year transition following initial operation

During transition develop competitive procurement process and if necessary develop alternative approach if competitive supply does not develop



REMEDIAL ACTION SCHEMES

QUESTION/COMMENTS:



WSCC RELIABILITY MANAGEMENT SYSTEM

ISSUE: RTO Approach

BACKGROUND:

Voluntary contractual program

Federal legislation under consideration

Split in TO participation

RECOMMENDATION:

Independent Governing Board Decision

Agreements allow for implementation of Board decision

QUESTION/COMMENT:



RTO ROLE IN A/S MARKET

ISSUES:

RTO role for reserves, regulation, load following and supplemental energy

How to support SC's interest in longer term markets

RTO role for black start and voltage

BACKGROUND:

Variety of mechanisms available to RTO from contracts to market facilitation



RTO ROLE IN A/S MARKET

RECOMMENDATION:

Acquire regulation, load following, reserves and supplemental energy that is not self provided in day and hour ahead market

Facilitate external market for A/S purchases by RTO of short term products and longer term products by SCs

For black start and voltage support which can't be bought on a daily basis procure long term if necessary

PREMISS:

RTO should not take a market position

RTO has no role in long term resource(energy or IOS) adequacy



RTO ROLE IN A/S MARKET

QUESTION/COMMENT



RTO A/S PROVIDER OF LAST RESORT **INITIAL OPERATION**

ISSUE: How to start up A/S PLR Function

BACKGROUND:

Markets critical to success

Market based pricing approval timing an issue

Interim mechanism may be required

RECOMMENDATION:

TO's existing OAT obligation be extended until they receive market based pricing authority

Modify mechanism to be consistent with RTO procurement

May require update in cost basis to reflect new mechanism



RTO A/S PROVIDER OF LAST RESORT

INITIAL OPERATION

QUESTION/COMMENTS: