

Ancillary Service Work Group Issue Paper, AS-2

Issue –Recommended Approach For WSCC RMS Program

Background

The WSCC has implemented a voluntary contractual program known as the Reliability Management System or “RMS.” The RMS contains reliability criteria that apply to control area operators in the areas of disturbance recovery, operating reserves, and control performance standards, transmission owners in the area of managing line flows within operating limits, and generators in the area of availability of automatic voltage regulation and power system stabilizer equipment. In addition to the reliability criteria specified in the RMS contracts, the RMS requires participants to submit compliance data and to be subject to financial penalties for failure to adhere to RMS criteria.

The RMS proposal that has been filed with and approved by FERC also provides a mechanism for placing additional criteria within the scope of the RMS. A number of additional criteria for the RMS are currently under development at the WSCC. While a number of the transmission owners contemplating participation in RTO West have agreed to be bound by the provisions of the RMS, a number of other transmission owners have not.

Congress is considering legislation that would modify the functions and authority of NERC and the WSCC or their successors. Any such legislation is likely to deal with the area currently addressed by the WSCC RMS pilot. Many observers anticipate that legislation would provide mechanisms for making compliance with reliability criteria mandatory to a certain degree.

It is possible, given the mechanisms within the RMS for adding to or revising RMS criteria, and the legislative efforts described in the preceding paragraph, that the WSCC RMS pilot program might be modified or superseded by the time the RTO West is formed.

Recommendation

The Ancillary Services Work Group recommends that RTO West’s independent Governing Board, following its process for obtaining stakeholder input, should decide whether RTO West would participate in any voluntary RMS-type program based upon the facts and circumstances at that time.

Thus, the Ancillary Services Work Group further recommends that the relevant agreements or tariffs that might be affected by a voluntary or mandatory program similar to the RMS should be written to allow such provisions to be specified by the Governing

Board at a later date and should not limit or impede the Governing Board's ability to decide to participate in the RMS or a similar program. The relevant agreements may include the TCA, GIA, and LIA agreements and the RTO Tariff. Specifically, the Legal Work Group is requested to ensure that these agreements do not limit the Governing Board's authorities in this area.

Discussion

PRO- Given the wide range of possible states that might exist at the time that the RTO is formed and the wide range of current views about whether it is desirable to participate in the RMS, the recommended option allows a reasoned decision to be made by RTO West's independent board at a time when much of the uncertainty may have been eliminated.

CON- There may be some risk that provisions may not be able to be implemented in the future but this risk is felt to be minimal. Also, there are some parties that have strongly urged that RTO West become an RMS participant.

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