



Congestion Management Work Group  
Report to the RRG

Additional Major Open Issues

August 30-31, 2000

## Outline of Presentation

- Long Term Maintenance – PTO at Risk?
- Phased Implementation of Flow Distributed Scheduling
- Questions / Consensus Discussion

## **Issue: Long Term Maintenance – PTO at Risk?**

**Description:** FTR rights will be offered with full disclosure of down periods from scheduled maintenance for large construction and rebuild projects. The working group agreed that that these projects are known at least a year ahead and should be included in the Term sheet prior to the annual auction. In addition, the rights could carry an allowance for real-world slippage in the maintenance schedule – one or two days. Schedule changes beyond slippage raise the important issue of compensation for non-compliance with the Term Sheet.

## **Issue: Long Term Maintenance – PTO at Risk?**

**Description (continued):** Since, the PTO has committed to the schedule, and a buyer has purchased the FTR with an expectation of planned down days plus slippage, there should be some recourse if plans are not met. It is proposed that the FTR Holder enter an Alternate Dispute Resolution process (needs to be defined). Through the ADR process the complainant will have a hearing, as well as the PTO, with some expectation of reasonable resolution.

## **Issue: Long Term Maintenance – PTO at Risk?**

**(continued)**

**Alternative 1:**

1. Within planned maintenance schedules, there would be allowances for a small slippage in time (i.e. a day or so longer than planned). These costs would be born by the buyer and would be integrated into the terms and conditions of FTRs.
2. When PTOs cannot meet the planned maintenance schedule the FTR holder would have the option to enter an Alternate Dispute Resolution process (ADR). Some designated trigger, such as maintenance exceeding the plan plus slippage, would initiate the process. No other type of penalty was planned.



**Issue: Long Term Maintenance – PTO at Risk?**  
**(continued)**

Alternative 2:

Within planned maintenance schedules, the PTO would use best efforts complete on time or ahead of schedule. In the event there is a slippage, no risk would be applied to the PTO. These costs associated with the slippage would be born by the buyer and would be integrated into the terms and conditions of FTRs



## **Issue: Phased Implementation of Flow Distributed Scheduling**

**Description:** The Congestion Management Work Group considered a proposal to use Rated Path Scheduling (RPS) on an interim basis, to begin operation of RTO West. This is consistent with FERC's intent to allow time for an orderly transition to market based congestion management. The proposal is intended to avoid unnecessary risks, simplify and expedite the formation of RTO West, and allow the RTO board to implement an orderly transition to Flow Distributed Scheduling (FDS).



## **Issue: Phased Implementation of Flow Distributed Scheduling**

**Description (continued):** It captures the lion's share of the original congestion management model's benefits because it immediately implements nearly that entire model. The proposal is not to abandon FDS, but merely to use RPS initially, while working toward implementation of FDS.



## **Issue: Phased Implementation of Flow Distributed Scheduling (continued)**

### Alternatives:

- Design congestion management implementation to allow an interim period where rated path scheduling would be used prior to use of flow distributed scheduling. The period would be one year, or longer if the board decides to extend the period.
- Design congestion management implementation to require flow distributed scheduling and flow distributed contract conversion immediately upon commencement of operations under the RTO. Recognize that an interim step of contract path scheduling could be used as a backstop in case the full flow distributed scheduling proposal cannot be implemented in time.



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## Questions / Consensus Discussion