



# Transmission Pricing Work Group Report to the RRG

## Additional Major Open Issues

August 30-31, 2000



## **Outline For Presentation**

- **Short-Term Firm and Non-Firm Wheeling**
- **Long-Term Wheeling – Other Wheeling**
- **Questions / Consensus Discussion**



## **Issue: Short-Term Firm and Non-Firm Wheeling**

**Background: Short-term contracts consist of (a) wheeling to export or wheeling between RTO members, and (b) short-term bundled power sale with imputed transmission access fees. Short-term bundled power sale with imputed transmission access fees was covered in TXPR-02 at the 8/24/00 RRG Meeting. This issue paper covers the Short-Term wheeling to export and wheeling between RTO members.**

**Since Order 888/889 the usage of short-term contracts has increased. Revenues or expenses from these contracts provide an offset to the revenue requirements factored into existing company rates.**



## Issue: Short-Term Firm and Non-Firm (continued)

### Alternatives:

**Option 6 Recommendation:** The PTOs shall pay as components of their annual transfer payments, amounts comparable to their typical payments for short-term firm and for non-firm service, both within the RTO area and for exports. To the extent auction revenues from unencumbered (non-exempt) FTRs are available to PTOs receiving such transfer payment component, such unencumbered (non-exempt) FTR revenues will be applied first to reduce or eliminate the transfer payments associated with such historic short-term firm and non-firm service.

**Issue: Short-Term Firm and Non-Firm (continued)**

**Alternative Recommendation:** Address the Open Issues, identified below, before accepting the Option 6 Recommendation.

- Duration of the Short-Term and Non-Firm Transfer Payment – Is it the same as all transfer payments or shorter?
- Need to resolve the IPPs (sometimes labeled as the Montana Problem) issue before a short-term transfer payments can be finalized – see briefing paper located in the attachments.
- Need to investigate non-load based access or uplift charges as an alternative revenue stream to offset transfer payments.



## **Issue: Long-Term – Other Wheeling**

Long-term wheeling contracts are associated with (1) Wheeling necessary to serve load and (2) Other Wheeling. All active long-term wheeling contracts have a completion date (some with rollover rights) and associated allocation of FTRs while the contract is active. The WG's strawpositions are:

**Issue: Long-Term – Other Wheeling (continued)**

(1) Wheeling necessary to serve Load

There is general agreement that if the wheeling agreement is needed by purchaser to serve their loads, then the transfer payment and FTR allocation should continue. An example would be a long-term firm wheeling agreement to wheel a company's remote resources to its loads.

Recommendation: Continue the transfer payment for all long-term firm wheeling agreements to load and after the contract expires the load will retain its FTRs allocation.



**Issue: Long-Term – Other Wheeling (continued)**

(2) Other Wheeling

There is not general agreement on transfer payments for wheeling across a PTO's system and other wheeling that is not necessary to serve load

Alternative 1: Continue the transfer charge after the contract expires and continue the prior FTR allocation (last part is inconsistent with direction of CM WG but necessary to offset the effects of the transfer payment).

Alternative 2: Discontinue transfer charges after Other Wheeling Contracts expire or terminate, except in instances where all parties to the contract mutually agree that the PTO receiving service under the contract is dependent upon the contract to provide service to its load, or interconnect generating facilities to the RTO Grid.



Transmission Pricing WG

## Questions / Consensus Discussion