

RTO FILINGS

The Cliffs Notes Version



Presented by

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Electric Power Supply Association
*Advocating the **power** of competition*

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GENERAL CONCERNS



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Comparability:

- Critical issue: will the RTO proposal make the market more competitive than it is today?
- **Native load service must be taken under the RTO tariff.**
- RTO costs, both start-up and on-going administrative costs, must be paid for by all transmission customers.

Completeness:

- Does the filings fully satisfy the Commission's minimum requirements for RTO status (or will it do so when supplemental filings are made).
- Full RTO status should not be granted until the filing entities show that their proposal is complete and will enhance competitive markets.

GENERAL CONCERNS

Cont'd



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Generator Interconnection:

- RTOs, not transmission owners, need to manage generation interconnection in a fair and non-discriminatory manner.
- Operating provisions can't penalize generators by imposing uncompensated ancillary service requirements.

Congestion Management:

- EPISA prefers the Real Flow Hybrid model developed by SPP and MISO.
- The initial allocation of FTRs to historic usage creates problems for developing markets. If new market entrants cannot reasonably obtain FTRs, the status quo will be perpetuated indefinitely.

GENERAL CONCERNS

Cont'd



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Transcos:

- EPSA is concerned that FERC's independence criteria are not met when a "pure" transco operates as the RTO with respect to the real-time ancillary service markets. A separate, independent entity needs to develop larger regional real-time markets to be implemented by the RTO.
- For transcos that operate under RTOs, critical RTO functions, such as congestion management, must remain with the RTO and not be delegated to the transco.

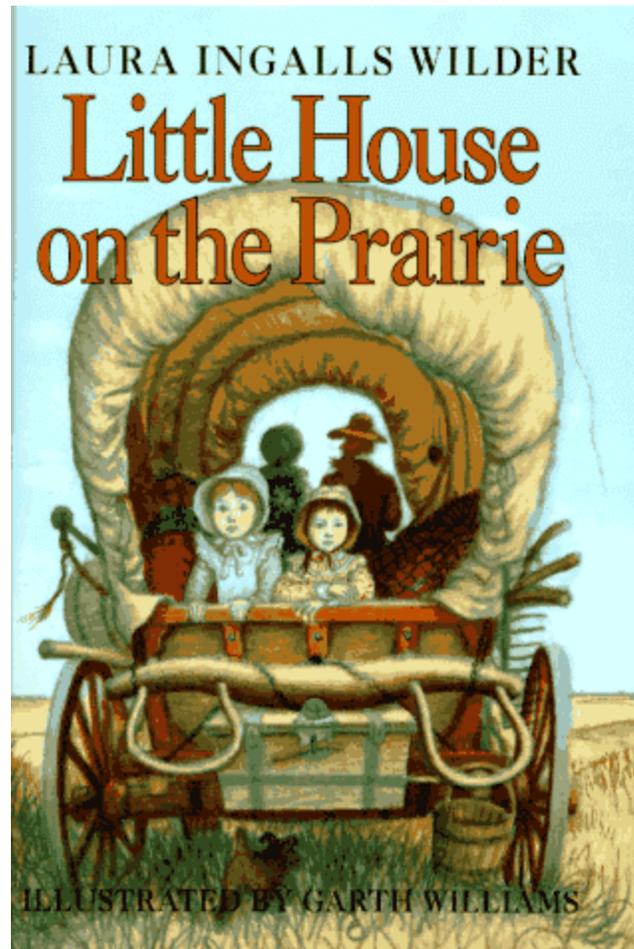
Market Monitoring:

- RTO market monitors must have a limited role. We support regional, cross-RTO monitoring performed by FERC.

Seams:

- Interregional coordination and seamless trading markets are critical to the successful development of well-functioning markets.
- Seams agreements need to address a wide-range of operational issues to ensure market functioning.

DESERT STAR



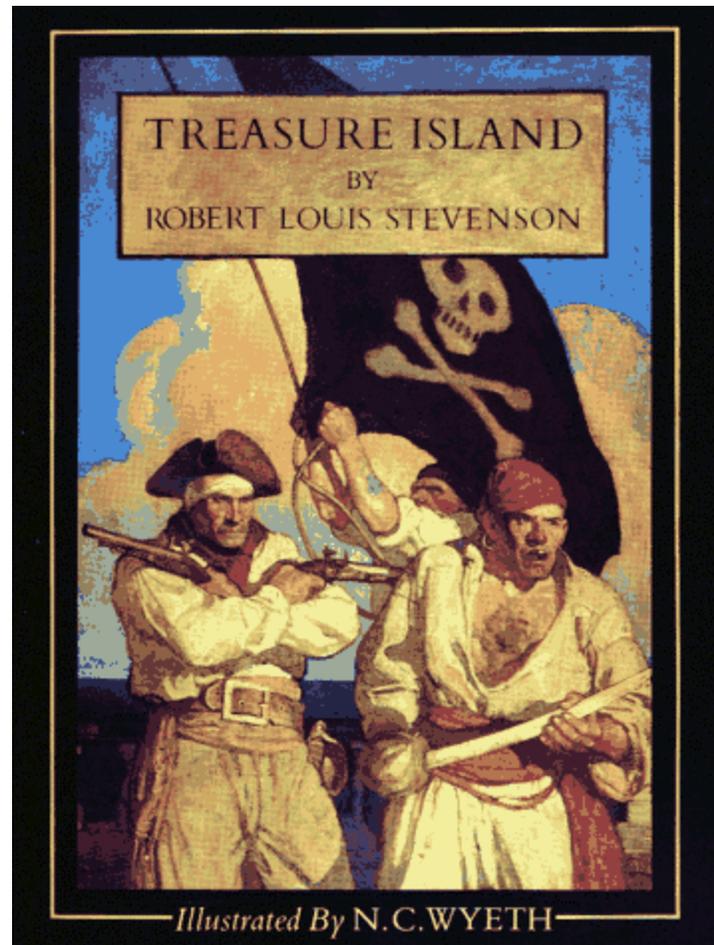
DESERT STAR



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- Scope of RTO authority needs to include generation interconnection, transmission expansion and operational control over all jurisdictional transmission facilities
- The governance structure includes poorly defined categories, limited public power investment and bylaws that allow domination by transmission owners
- Need single control area for system-wide congestion management, single balancing market
- FTRs allocated to incumbents

GRIDFLORIDA



GRIDFLORIDA



- All native load under same pricing requirements as other market participants
- Incomplete- expect December 15, 2000 filing
- Governance
 - Concerned about the neutrality and independence of a transco regarding market policy. Transco can't have authority over both maximizing transmission asset value and establishing market policies
 - Advisory committee dominated by IOUs (potentially 7 of 13 seats)

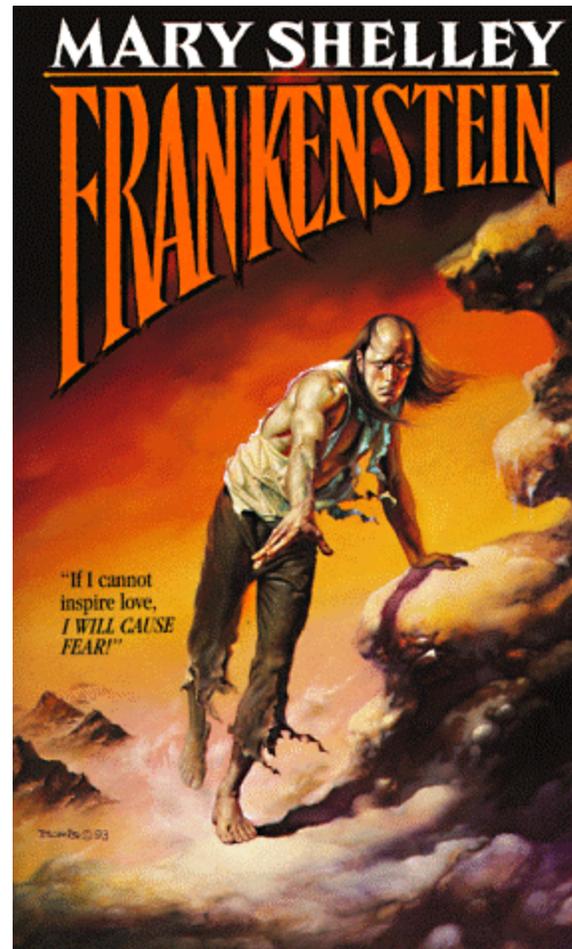
GRIDFLORIDA



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- Congestion Management
 - Initial Real Flow proposal with LMP in spot looks good, but unsure of implementation
 - Concern about ability to opt out of real-time imbalance market
 - PTR's allocated to transmission owners limits access for newer market participants
 - Anti-hoarding provisions would exclude non-incumbents if mishandled
- Geographic Scope & Configuration
 - Single-state RTO problem
 - Open question regarding participation of municipals

GRIDSOUTH TRANSCO



GRIDSOUTH TRANSCO



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- Governance
 - Former utility employees can become Board members
 - 85% passive owners can remove Board member for cause, no similar provision for other Board members
 - Concerned about the neutrality and independence of a transco regarding market policy. Transco can't have authority over both maximizing transmission asset value and establishing market policies
 - Need independent monitor of compliance with market policies
- Collaboration
 - Only appearance of open collaborative process; stakeholder views ignored, merely applying *Pro Forma* Tariff to three control areas

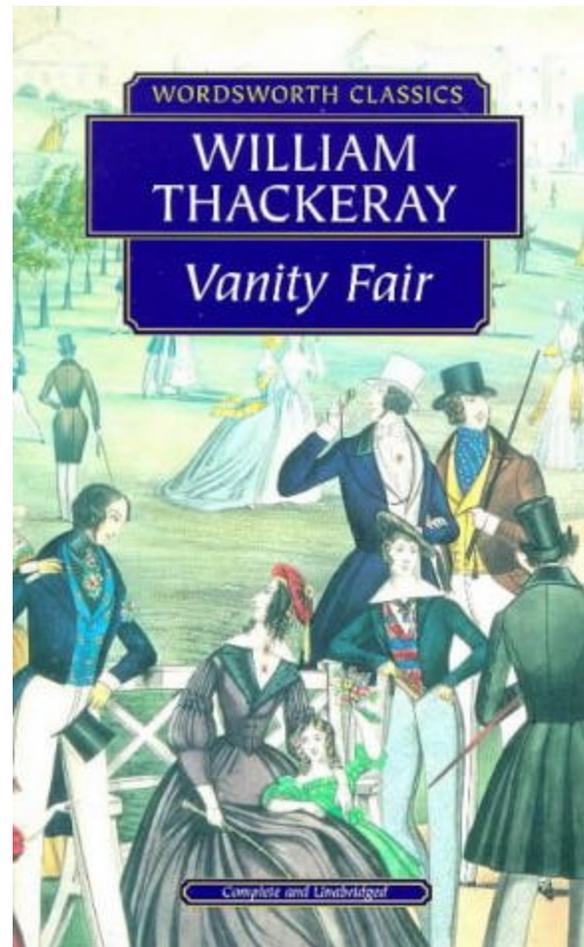
GRIDSOUTH TRANSCO



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- Generator Interconnection
 - Operating procedures may require renegotiation of existing interconnection agreements for interconnected generators
- Market Structure
 - No commitment to new market design and structure
 - Native load exempted
- Planning and Expansion
 - Fails to provide for efficient siting of new generation where needed
 - Provision for cost-allocation and responsibility unclear

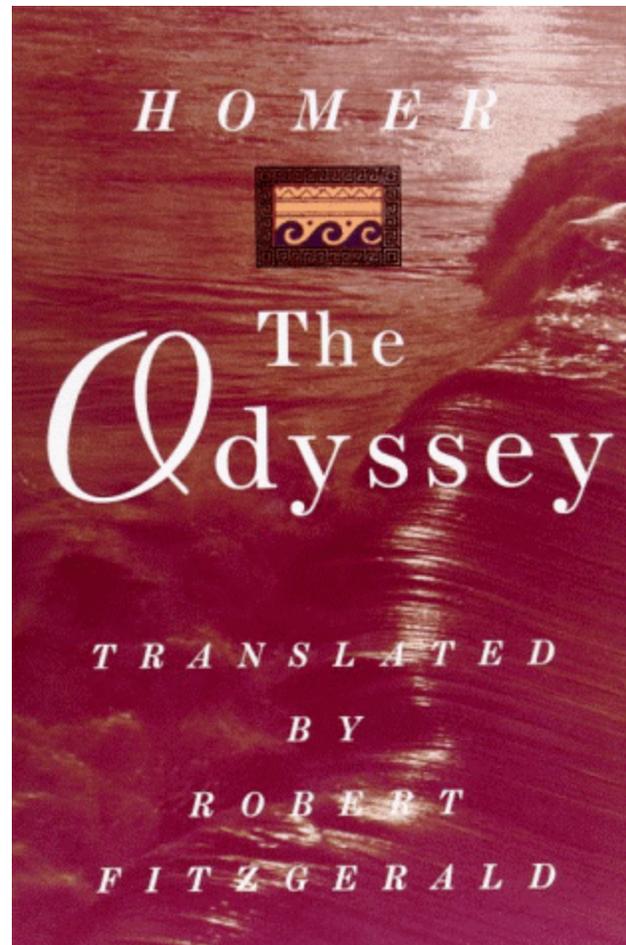
PJM



PJM

- Need single Reliability Agreement
- Too much deference to Transmission Owners on planning and expansion and interconnection
- Transmission Owner's Agreement endorsed by PJM without stakeholder input; not independent; effects settlement process
- PJM West: unclear how rate pancaking will be eliminated
- Continuing problems with FTR auctions

RTO WEST



RTO WEST



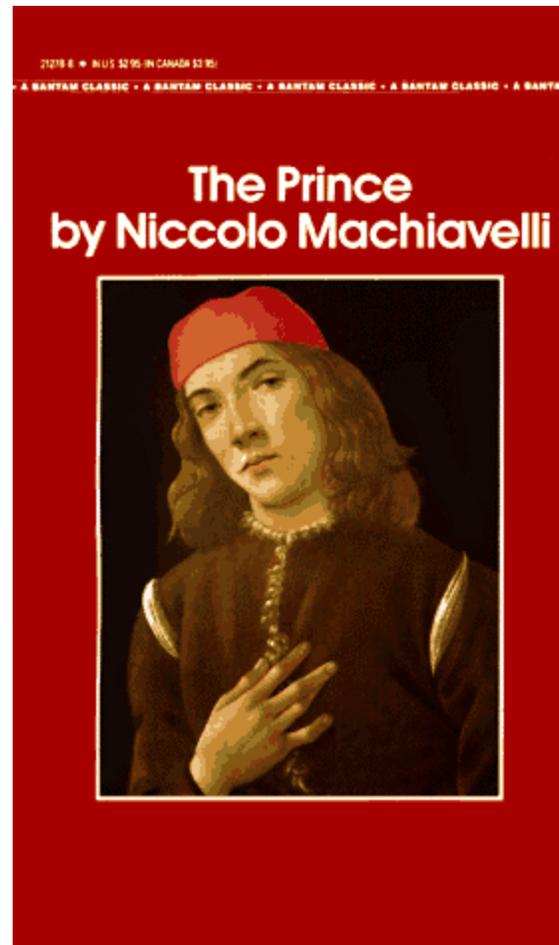
- All users of the system are under the same tariff on day one
- Good public power participation
- Lacks exclusive authority over all FERC jurisdictional facilities
- Refunctionalization issues regarding TransConnect
- Doesn't eliminate pancaking
- Not one stop shopping

RTO WEST



- Questionable authority over transmission expansion
- Allocation of FTRs
 - all significant rights go to the incumbents - no requirement to make them available
 - locks up rights until mandatory day-ahead
- Independence of TransConnect
 - difficult to assess without RTO West Tariff
 - Transmission owners will have continuing active control

SETRANS



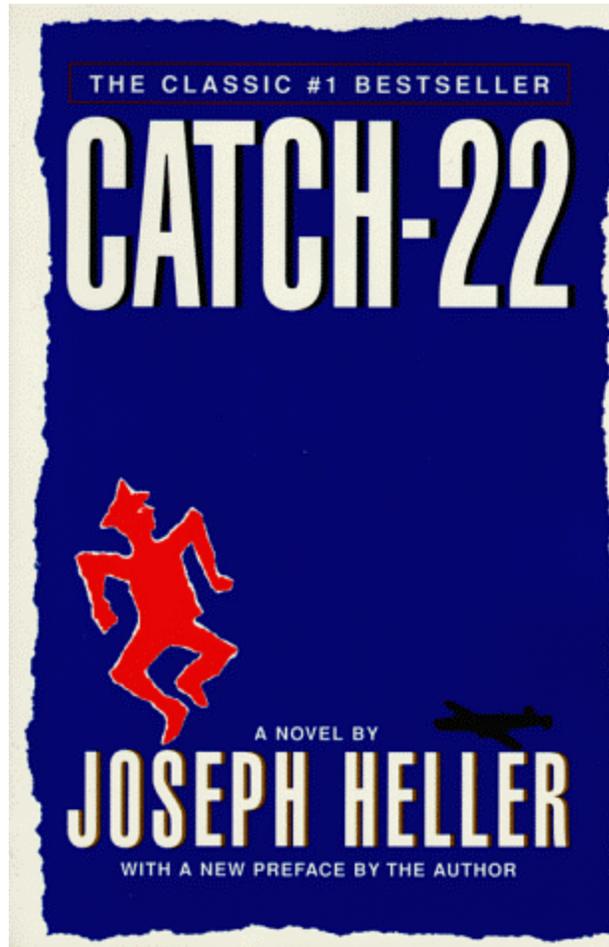
SETRANS

- Filing fails to provide sufficient information to determine Order 2000's requirements are satisfied—tariffs and agreement aren't filed
- Collaborative process limited and late
- Governance:
 - Lacks independence; the Gridco is largely, if not exclusively, responsible to the transmission owners, not to market participants
 - Transmission owners select interim CEO, who appoints management team, prior to selection of Board
 - No formal representation of market participants on Planning Advisory Committee and Reliability Planning Committee
- Native load permanently excluded, escapes cost responsibility, distorts rate structure and dominates transmission capacity

SETRANS

- Proposed RTO structure maintains status quo in region; still vertically integrated utility with lots of generation and FTRs for its bundled load
- While Gridco coordinates generation interconnection, developers must deal with transmission owners. No meaningful changes regarding interconnection application process
- Planning process is biased toward wires solutions
- SERC sub-region too limited and exclusive; Southern subsidiaries create unacceptable physical dominance

SPP/ENTERGY



SPP/ENTERGY



- Tariff applicable to only a small percentage of load
- Too many grandfathered contracts
- Overly long transition period
- Cost allocation of administrative fee
- Vague with respect to congestion management, scheduling, emergencies, real-time balancing markets
- Entergy's board selection process is stacked in favor of Transmission Owners
- Single tariff concerns: the Transco reserves the right to reserve schedule and deny transmission service outside the RTO's tariff; reserves too much autonomy/control for transco