

**ATTACHMENT Q**  
**DESCRIPTION OF RTO WEST**  
**INTERREGIONAL COORDINATION**

Interregional Coordination is one of the RTO functions required in Order 2000. The WSCC region has been in the forefront of coordination between its various Control Areas for some time. During mid to late 1990's the region had several active Commercial Practice Committees that operated under the auspices of the three Regional Transmission Associations. In 1999 these committees consolidated their activities into the Western Market Interface Committee (WMIC) co-sponsored by the three regional transmission associations and WSCC. The main focus of the group is to coordinate the commercial aspects of the power market in the West. Before the Commission issued Order 2000, CREPC (Committee on Regional Electric Power Cooperation) requested the WMIC to address a variety of seams related issues.

RTO West formed a work group to address the seams issues and immediately coordinated its activities with the WMIC. The activities of the coordinated group focused on the Commission's requirements that include addressing (i) reciprocal elimination of pancaked transmission charges between RTO West, California ISO, Desert STAR and other RTOs that may operate in the WSCC region (price reciprocity is expected to minimize the impact of cost shifts among RTOs), (ii) operational features in the RTO West needed to reduce scheduling, congestion and other issues at the seams with other RTO's, and (iii) integration and coordination with Canadian entities and with transmission-owning utilities that are within RTO West but not a part of it.

After extensive input from regional participants on a wide range of related topics RTO West selected to limit its scope of activities to the following issues:

1. Major Loop Flow
2. Congestion Management and Firm Transmission Rights (FTR) at the Seams
3. Curtailment Procedures
4. Coordination of Commercial Practices
5. Coordination of Changing Commercial Practices
6. Coordinated Outage Planning
7. Price Reciprocity
8. Agreements with Adjacent Control Areas (internal and external)
9. Roles/Responsibilities

**Seams Workshops**

In coordination with WMIC, RTO West held a two-day workshop in Salt Lake City on June 20 and 21, 2000. Commission representatives attended both days of the workshop. The workshop was very well attended and resulted in attendees having a higher level of understanding of the issues and potential solutions.

The first day of the workshop focused on the discussion of issues on a WSCC-wide basis. Representatives from the California ISO, Canada, Desert STAR RTO, Rocky Mountain RTO,

Mountain West ISA, and an individual experienced with market operations in the eastern ISO regions participated in a panel session describing issues and approaches to resolve seams issues.

The second day of the workshop focused on the four highest priority seams issues that the RTO West Seams Work Group identified a day earlier. The four highest priority issues were:

1. Congestion Management at the Seams
2. Coordinating the Development/Modification of Commercial Scheduling and Settlement Practices
3. Curtailment Practices at the Seams
4. Price Reciprocity

The workshop sessions focused on potential solutions to these issues.

During July 2000 senior representatives from the RTO West Filing utilities arranged a meeting with several high level operational directors from the California ISO to initiate bilateral discussions regarding anticipated activity at the seams. The discussions identified several high priority areas and a meeting date was set to initiate the work. On August 14, 2000 a meeting was held between a subset of the RTO West work group and representatives of the California ISO to begin the seams dialog. The majority of the discussion focused on the state of development of RTO West market designs, in particular the approach to congestion management.

The following principles were discussed for the collective California Oregon Interface (COI) congestion management process:

- Firm Transmission Rights (FTRs) should be available in a secondary market prior to the day ahead scheduling process to allow market participants to effectively use these forms of rights across the seams.
- Alignment of similar activities across the seams will benefit market participants and increase market efficiency such as aligning the timing for the daily process for recallable and non-firm transmission rights.
  - Also, align to the extent possible congestion process with energy market activities and timelines.
  - Provide for transmission market closure before time to perform control area checkout. This may not be the final closure if the scheduling process has iteration. However, this facilitates timely schedule checkout across the COI interface.
  - The process used at the COI seam may have to be augmented/customized provided this does not create new Seams issues.

Following the August 14 meeting, the group felt it would be useful to have a follow-up discussion to better understand the scheduling timelines in existence, and those that are being considered to see how the above principles might be applied. Such a group would include individuals familiar with the ISO's current practices and planned changes (i.e. introduction of

recallable rights) and those knowledgeable in the RTO West congestion management and ancillary service areas. Such a discussion should be scheduled in the near future once RTO West has reached consensus on an overall approach to congestion management.

Finally, the group agreed to recommend the following next steps:

- 1) Schedule further meetings as previously described to explore the issues related to congestion management at the seams.
- 2) Develop a bilateral agreement (possibly an MOU) between California ISO and RTO West outlining a commitment to working together to resolve seams issues.

### **Canadian Participation**

Initially, a seam (RTO boundary) was assumed to exist at the US – Canadian border based upon the expectation that Canadian transmission owners would not be joining the RTO at its inception. Following formation of the Canada-U.S. Adjunct Committee, whose goal was to pursue Canadian participation in RTO West from its inception, the northern RTO West seam was assumed to be at the BC to Alberta border. This assumption was made on the basis that British Columbia indicated its plan to join the RTO at the time it is formed while Alberta's plans indicated the potential for joining at a later date.

At this time the US – British Columbia “seam” is considered to be an internal seams issue and will be treated as such unless B.C. Hydro will not be part of RTO West at formation. To our knowledge this will be the first instance in any RTO where seams issues at the US – Canadian border have been internalized.

Even though the seams issues at the US-Canada border are internalized at this stage, due deference will be given as a result of the differences in the two countries in regulatory and/or legal jurisdiction. For example in implementing the single control area approach adopted for the RTO, some implementation differences will exist to meet British Columbia's statutory requirements. However, these differences will be implemented in a way that supports the ancillary services policy of developing RTO wide markets, deployment and settlements (unless precluded by BC regulation).

### **Desert STAR**

A meeting was held on September 26, 2000 between representatives from Desert STAR and RTO West. Due to other meetings being held throughout the WSCC, the attendance at this meeting was limited and therefore the discussions were also somewhat limited in certain areas. The group discussion detailed and listed several physical interfaces between the proposed RTO's. The group also concluded that a discussion should be held between all interested parties on the interfaces in the southern Nevada area due to the size of the interface, the number of RTO's/control areas and the importance of the Hoover generation to the region.

The group briefly reviewed the Desert STAR and RTO West documents concerning the scheduling process. It was noted that there were slight differences in the times that certain actions or information were accomplished, but that generally the processes and information were

consistent. Differences in approach to control area operations were highlighted. Desert STAR representatives stated that they would initially have a tiered control area system with some participants wanting a single control area as soon as possible. Any transactions from an RTO West participant in or through Desert STAR would only deal with the Desert STAR control area. RTO West participants explained that they would have a single control area.

On congestion management there is a major difference between the RTO models. RTO West is pursuing a flow-based system while Desert STAR, basically because of its system topology, is flow based but is about the same as a rated contract based system. There is a need to pursue how the two RTO's and the California ISO would interact using the two or more systems.

The RTO West in cooperation with the WMIC plans to continue discussions with the neighboring entities past the October 16, 2000 Commission-required filing date. The discussions will include the California ISO, Desert STAR and others as time permits to accomplish the following by the projected RTO operations date:

1. Establish a process to deal with seams issues with neighboring entities.
2. Establish a business relationship (similar to an interconnection agreement) that, at a minimum, would address reliability standards, monetizing settlements at the seams (internal and external) and dispute resolution procedures.

### **RTO West Commitment to Interregional Coordination**

As part of the recommendation to the Regional Representatives Group (RRG) a draft California ISO/RTO West agreement committing RTOs to work together on interregional reliability and market efficiency was developed. The draft agreement was written shortly before this filing. Due to the limited time it was not shared for input with the California ISO and Desert STAR. The MOU will be pursued after the filing.