RTO West
CONGESTION MANAGEMENT WORK GROUP MEETING
On June 12, 2000
(CM WG02)

RTO West at 5933 NE Win Sivers Dr.
Portland and Telephone Conference Call
9:30am – 4:00 pm

Work Group Summary
Version 2 – June 25, 2000

Attendees (38 attendees, 1 by telephone):

F-NAME	L-NAME	ORGANIZATION	PHONE
Don	Badley	NWPP	503-464-2805
Rich	Bayless	PacifiCorp	503-813-5739
Stan	Berman	Puget Sound Energy	206-389-4276
Kurt	Conger	EXS Inc. for Seattle City Light`	425-497-1133
Robin	Cross	Snohomish PUD	425-783-8481
Steve	Daniel	GDS Associates for UAMPS	770-425-8100
Chuck	Durick	Idaho Power Company	208-388-2450
Marshall	Empey	UAMPS	801-327-6605
Tara	Exe	BPA-TBL	360-418-2009
Tom	Foley	Renewable NW Project	503-288-0973
Wally	Gibson	Northwest Power Planning	503-222-5161
Kurt	Granat	PAC Transmission	503-813-5744
David	Hackett	KEMA Consulting	503-258-9000
Bob	Harshbarger	Puget Sound Energy	425-882-4466
Dave	Hoff	Puget Sound Energy	425-462-3716
Steve	Huhman	Southern Energy Marketing	925-287-3120
Carl	Imparato	Power Marketers	510-558-1456
Jon	Kaake	PacifiCorp	503-813-5734
Don	Long	Grant County PUB	509-754-5055
Ron	Moulton	WAPA - CRSP-MC	801-524-4012
Larry	Nordell	Montana Dept of	406-444-6757
Arne	Olson	WA DCTED	360-956-2022
Ren	Orens	Energy & Environmental	415-391-5100
Kevin	O'Meara	Public Power Council	503-232-2427
Dave	Perrino	Automated Power Exchange	408-517-2146
Christine	Philipps	Engage Energy	425-990-4717
Deanna	Phillips	BPA/PBL	503-230-5164
Dennis	Phillips	BPA-PBL	503-230-5062
Mike	Ryan	Portland General Electric	503-464-8793
Jerry	Rust	ESCA Corporation	503-636-3932
Rob	Sirvaitis	Power Resource Managers	360-693-8484
Barney	Speckman	KEMA Consulting	503-248-0475

Jim	Tucker	Deseret G&T Co-operative	801-619-6504
Rick	Vermeers	Avista Corp.	509-495-8057
Steve	Walton	Enron	713-345-7793
Steve	Weiss	NW Energy Coalition	503-393-8859
Linc	Wolverton	East Fork Economics	360-263-3675

Calendar:

~~May 24, 2000~~	~~Kick Off Meeting for WG (Meeting #1)~~ Complete	~~RTO West Facility~~
~~June 6-7, 2000~~	~~Congestion Management Workshop~~ Complete	~~RTO West Facility~~
~~June 12~~	~~CM WG Meeting #2 (9:30am – 4 pm)~~ Complete	~~RTO West Facility~~
June 19	CM WG Meeting #3 (9:30am – 4 pm)	RTO West Facility
June 26-27	CM WG Meeting #4	RTO West Facility
July 10-11	CM WG Meeting #5	RTO West Facility
July 17-18	CM WG Meeting #6	RTO West Facility
July 24-25	CM WG Meeting #7	RTO West Facility
July 31-August 1, 2000	CM WG Meeting #8	RTO West Facility

Note: Assignments below include new, open, in-progress and closed (since last meeting). Assignments closed prior to last meeting are found at the end of this document.

Assignments (Includes Action Items) from June 12 Work Group Meeting:	**Status**
1. Team #1 formed to define a list of candidate flowgates and the reason selected.	New
2. Team #2 formed to define the criteria to address stability of FDF and derating of flowgate rights.	New
3. C. Imparato to distribute papers from DSTAR and CAISO on approaches to define flowgates and zones.	New
4. Team #3 formed to define a strawman for a Physical rights model.	New
5. Team #4 formed to define a strawman for a Financial rights model	New
Assignments (Includes Action Items) from May 24 Work Group Meeting:	**Status**
2. Deanna Phillips volunteered to be the WG liaison with NERC CM activities.	Ongoing

Summary of Consensus (Decisions Made):

1. The CM WG agreed to set aside the Average Cost Pricing and the Nodal Pricing models and focus the group's efforts on the Zonal and Flowgate methods. These set aside methods will be raised again only if the FERC guidelines are not met by the selected approaches and subject to how rights are allocated, handled, etc. (future discussion).
2. The CM and AS WG's would jointly define the Market Design aspects for RTO West.

Highlights of Meeting

The meeting was opened with a discussion to define the next step for the Congestion Management (CM) Work Group (WG) recognizing in the 5/24 kick-off meeting the post workshop steps would be:

1. Discuss and Document the approaches with pluses and minuses (evaluate the cost to implement)
2. Develop and understand preferred approach. Consider having each RRG area present their choice and rational.
3. Test (reality-financial test)
4. Arrive at consensus

During the initial discussion, the group recognized that various models come with strengths and weaknesses. Since there are not clear distinctions between models, several key decisions need to be made by the WG. For example, the WG will decide the following during its deliberation:

- Allow congestion or do not allow congestion
- Want centralized or decentralized RTO
- Degree of socialization of cost
- Complexity
- Ease of implementation
- Degree of shift or increase in congestion after RTO formation

C. Imparato provided a definition of CM models and these definitions were adopted by the WG.

1. Average cost pricing (Order 888 and current ERCOT approach)
2. Nodal pricing (LMP approach used in the Northeast)
3. Zonal with physical rights
4. Flowgate with physical rights
5. Flowgate with accepting all schedules

After discussing some of the tradeoffs of the various models, a consensus question was raised and consensus reached:

> The WG agreed to set aside the Average Cost Pricing Model and the Nodal Pricing models and focus the group's efforts on the Zonal and Flowgate methods. These set aside methods will be raised again only if the FERC guidelines are not met by the selected approaches and subject to how rights are allocated, handled, etc. (future discussion).
>
> S. Berman articulated FERC's rational for a LMP CM approach and the WG would need to explain how the selected approach meet the criteria (functional test) defined in Order 2000.

In an attempt to organize the discussion of the remaining models it was agreed cover the CM approaches in stages:

1. Space or topology – defines "what" is the model components

2. Time aspects – defines how the model components relate.

3. Other Policy Issues

The first discussion covered Space or Topology aspect as follows:

a. Number of Flowgates

How many potential congested paths exist now and after the RTO is formed? It was recognized the congested paths could shift between now and post RTO formulation due to change in operation patterns. Since there is no experience in post RTO operation, it was decided to form a smaller team of primarily filing utility personnel to list candidates paths that are known to be congested (a.k.a. Dean Perry's Biennial Paper) or could be congested if operation practices change, or suspected path. This team would produce a list of candidate paths and the reason the path was selected. Team #1 members are: K. Granat (PacifiCorp), A. DeClerck (BPA-PBL), J. Anasis (BPA-TBL), C. Reese (Puget), R. Vermeers (Avista), M. Ryan (PGE), J. Tucker (DG&T), C. Durick (Idaho), P. Parks (Powerex) and R. Brush (Montana). The WG would provide their strawman list of paths by next WG meeting on 6/19/00. This team would select a leader. {See assignment 1}

b. Stability of flow distribution factors (FDF) and methods to derate Flowgate rights.

What is commercially significant? When do you update FDF's? Do you use sets of FDF's and define rules when they are switched? What are the criteria? etc.

These are some of the questions that need to be answered. A team #2 was formed to address this topic that included: R. Orens (Leader), D. Perrino, Dennis Phillips, C. Imparato, W. Gibson, A. Olson, and D. Long. {Assignment 2}

c. Granularity of modeling of nodes (number of nodes)

IndeGO used coherency segmentation, is it still needed? Uniform price? Balance by node or zone?

The granularity issued cannot be resolved until the numbers of flowgates are identified. Since the criteria in "b." are related, this item was also assigned to team #2.

d. Threshold for requiring the use of flowgates rights

The discussion on this topic was tabled until the numbers of flowgates are defined and the criterion in "b." is defined.

e. Method to update flowgates or zones

A criterion needs to be developed to define when a flowgate should be updated. This is needed due to the original model would be created using imperfect data and conditions will change. Process to update should be automatic as possible to eliminate the political forum. This discussion was also tabled until Teams 1 and 2 complete their analysis.

In the meantime, C. Imparato would distribute the DSTAR and CAISO approaches as starting point for future discussions {Assignment 3}.

f. Externalities – contribution to congestion

Congestion can occur from scheduling actions by a neighboring RTO or scheduling entity. This WG felt the congestion related component of the Seam issues should be addressed by this WG. CM WG will work with the Seam WG to address this issue. The SEAM Workshop is schedule for next week in Salt Lake City and this topic should arise on the first day.

Wally suggested each person should start thinking of ways to resolve this issue prior to the workshop or the next time this issue arise.

There was a discussion on the owner of the "market design" aspect that includes the scheduling model, sequence of events, etc. It was decided that Congestion Management and Ancillary Services WG's would jointly own these issues. Several approaches exist as guides and the following will be distributed:

D. Hackett to forward C. Imparato's email on scheduling coordinators.

C. Imparato to distribute the DSTAR appendices that covers aspects of Market Design.

R. Moulton to distribute the web addresses of latest DSTAR documents.

Now back to the Time based policy decision, the following list of topics were recorded on the flipcharts:

a. Physical vs. Financial Rights

1) Accept all schedules

2) Rights required to schedule

In preparation for the next CM WG meeting on June 19, the following two teams were formed to provide a strawman position on rights listing both pluses and minuses of the approaches:

Physical Rights (Team #3) C. Imparato and S. Walton {see assignment 4}

Financial Rights (Team #4) W. Gibson, L. Nordell and C. Durick {see assignment 5}

The remaining items were not addressed at this meeting.

b. Scheduling Model

c. Real-time Congestion Management and Balancing Marketing (RTO's role in the coordination)

d. Conversion of Contract Path Rights to Flowgate Rights and FTR allocation

e. Incentives to build new transmission facilities

The informative work group meeting ended at 4 pm as planned.

Next Meeting:

- Next meeting: June 19, 2000 9:30 am - 4 pm, Work Group #3 on Congestion Management @ RTO West Facility, 5933 NE Win Sivers Dr., Portland, OR, 97220
- Agenda for Work Group Meeting #3
  - Introduction / Finalize Agenda
  - Report/Discussion by Team #1 (Flowgates candidates)
  - Report/Discussion by Team #2 (Stability of FDF / Criteria)
  - Rights Models
    - Report/Discussion by Team #3 (Physical)
    - Report/Discussion by Team #4 (Financial)
  - Time/Policy Issues (continuation of 6/12 WG meeting)

Minutes prepared by: D. F. Hackett

Handouts

None

Closed Assignments (closed prior to this meeting)

Assignments (Includes Action Items) from May 24 Work Group Meeting:	**Status**
1. F. Afranji to contact Dean Perry seeking permission to distribute the draft paper on "Western Interconnect – Biennial Transmission Plan"	Closed, D. Perry Paper was sent via email
3. C. Durick will investigate if IndeGO CM definitions were produced and distribute if they exist.	Closed, email sent.
4 R. Moulton offered to provide DSTAR CM definitions	Closed, email sent.
5. C. Cowan offered to provide MISO CM definitions	Closed, email sent.