

## **An Overview of RTO Transmission Access and the Roles of Scheduling Coordinators**

**The following is a “high-level” description of RTO transmission access and the roles of Scheduling Coordinators. It was adapted from drafts of the Mountain West and Desert STAR tariffs. The purpose of the language is to provide an overview of how:**

- **Transmission access would operate in the zonal or flowgate models;**
- **Scheduling Coordinators are used as agents to make transmission access workable for both wholesale and unbundled retail customers.**

**Note that the SC concept is not that different from the roles of parties who presently schedule in the wholesale marketplace; however, the concept must be formalized in order to provide a framework for non-discriminatory access for unbundled retail customers. The concept is entirely consistent with the IndeGO approach in which grid users must submit balanced schedules to the ISO.**

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### **Transmission Access**

The ISA, in coordination with the TOs, shall provide to all Eligible Customers open and non-discriminatory access to the Grid in accordance with the terms of the Tariff including, in particular, the procedures for transmission access specified in Appendix A and the procedures for scheduling specified in Appendix B. Energy and Ancillary Services may be transmitted on behalf of an Eligible Customer within, into, out of and through the Grid only if scheduled by a Scheduling Coordinator (“SC”). For this purpose, the SC will be the Transmission Customer under the Tariff and the ISA will maintain a business relationship only with the SC. An individually-metered Generating Unit or individually-metered load may be represented by only one SC; however, an Eligible Customer may be represented by more than one SC. Each SC must ensure that each Eligible Customer it represents has all necessary licenses or authorizations from federal, state or other regulatory bodies.

The ISA shall offer transmission rights for potentially-congested transmission interfaces to Eligible Customers in accordance with the procedures specified in Appendix A. Scheduling the use of transmission rights may be done only by an SC.

## 1. Eligibility for Transmission Service

- a) Transmission access shall be made available solely to Eligible Customers.<sup>1</sup> An Eligible Customer must be represented by a Scheduling Coordinator (SC)<sup>2</sup> for the purposes of obtaining, scheduling or paying for transmission access.
- b) An Eligible Customer may acquire Firm Transmission Rights (FTRs), Non-Converted Rights (NCRs), Recallable Transmission Rights (RTRs) or Non-Firm Transmission Rights (NTRs). However, such rights must be scheduled through an SC.
- c) An SC may obtain transmission access solely on behalf of Eligible Customers.
- d) The ISO shall provide transmission access to SCs which, acting on behalf of Eligible Customers, meet the following conditions:
  - (i) The SC has established and remains in compliance with the ISO's SC eligibility requirements specified in Appendix J;
  - (ii) The SC has acquired and scheduled the use of the necessary Transmission Rights;
  - (iii) The SC shall pay to the ISO all charges specified in the ISO Tariff, including the Access Area Charge for delivery of energy or capacity within the Grid,<sup>3</sup> charges for Transmission Rights, ISO Ancillary Services charges and ISO Grid Management charges; and

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<sup>1</sup> The definition of Eligible Customer must be broadened to include eligible retail customers and SCs.

<sup>2</sup> The definition of SC must explicitly state that the entity must have passed the certification criteria specified in Appendix J. (I.e., when the term "SC" is used, it means "ISO-certified SC.")

<sup>3</sup> Note: there is no need to address "wheeling out" charges separately. Such charges would be integrated with the acquisition of rights out of the ISO Grid.

- (iv) The SC remains in compliance with all terms and conditions of the ISO Tariff.
- e) A Generating Unit or a load which is not interconnected to the transmission or distribution facilities of a Participating TO as of the ISO Operations Date must satisfy the requirements specified in the ISO Tariff and in its interconnection agreement with the appropriate Participating TO prior to obtaining transmission access. The interconnection agreement shall specify technical requirements for interconnection and operation, and the Generating Unit's or load's obligation, if any, to pay for an appropriate share of the cost of those transmission and distribution system upgrades that may be required to address the reliability and local congestion impacts that would be created by the new Generating Unit or load. Upon satisfaction of these requirements and obligations, the SC designated by the new Generating Unit or load may secure transmission access in accordance with this Appendix.

## **2. Nature of Transmission Service**

- a) The ISO shall manage transmission access within, into, out of, and through the ISO Grid through the use of Transmission Rights.<sup>4</sup> The nature of ISO transmission service is defined by the terms and conditions of ISO transmission service specified in Appendices A, B and E of the Tariff, including the terms and conditions for the acquisition, scheduling, curtailment and recall of Transmission Rights specified in Appendix A.
- b) The ISO shall honor rights under Pre-Existing Contracts ("PECs"), as specified in Appendix E.
- c) An SC must acquire and schedule the use of Transmission Rights in order to schedule transmission access between Zones<sup>5</sup> within the ISO Grid,<sup>6</sup> to schedule transmission

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<sup>4</sup> For sake of economy and clarity, need to establish a defined term (Transmission Rights) which includes FTRs, RTRs, NCRs and NTRs.

<sup>5</sup> Note: need to change the language regarding the zonal model to language relevant to the flowgate model.

access into the ISO Grid from portions of the transmission system that are not under the control of a Participating TO (“wheeling in”), and to schedule transmission access from the ISO Grid to portions of the transmission system that are not under the control of a Participating TO (“wheeling out”).

- d) No Transmission Rights are required in order to schedule transmission service within a Zone.
- e) The ISO shall, through the processes described in this Appendix, make Transmission Rights available to Eligible Customers for periods of one year or less.
- f) The ISO shall make Transmission Rights available for periods of greater than one year through the following processes:<sup>7</sup>
  - (i) Multi-year FTRs (see Section A.\_\_\_\_ )
  - (ii) Creation of additional transfer capability which results in creation of more FTRs
  - (iii) An ISO long-term transmission request process. *(Need to discuss whether such a process should even exist. There are real problems with this.)*

### 3. Access Area Charges

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<sup>6</sup> Need to make sure that the definition of “Zones” includes both “congestion zones” and interfaces between the ISO Grid and the non-ISO portions of the grid (since both will be managed by allocation and scheduling of Transmission Rights); that the definition of “ISO Grid” includes all points “within” the ISO Grid and all boundary points on the ISO Grid.

<sup>7</sup> Note that there are also other mechanisms - outside the ISO’s walls - through which long-term rights can be made available to parties who desire them. First, if there are relatively liquid market hubs and transmission exchanges/power exchanges, the Eligible Customer could lock in its transportation price risk through a long-term sale and a long-term purchase in the locations between which the Eligible Customer desired the long-term right. Second, the SCs for the loads in the two locations - who know that they will receive the FTR auction revenue over the long haul - could also make the financial commitments to the Eligible Customer (and they would take on the risk, rather than the captive transmission ratepayers). Third, in a transco world, the transmission providers could take on the risks and make the commitments. Finally, the Eligible Customer itself could take on the price risk by making the commitments to pay for additional inter-zonal capacity (and thereby receive the long-term FTRs associated with such capacity).

*This section needs to be expanded to describe the basic Access Area methodology and the basis for charges to SCs. (For example, will the charges be based on monthly contribution to coincident peak demand, monthly contract demand, kwh-based, or some other approach? However, the details of the methodology and various mitigation measures should be addressed in an Access Area Charge Schedule to the Tariff.*

- a) The ISO shall assess monthly Access Area Charges to each SC for the SC's use of the ISO Grid to deliver energy or capacity to Demands connected to the transmission facilities of a Participating TO. *(Describe methodology)*.<sup>8</sup>
- b) The ISO shall provide each Participating TO with all relevant data in the ISO's possession that the TO may require to calculate the Participating TO's Access Area Charges.
- c) Each Participating TO shall notify the ISO, at least sixty days prior to filing with the Commission or other regulatory body, of its intent to request any change in the Participating TO's Access Area methodology or Access Area Charges. The ISO shall provide public notice of such intent through the ISO Website and shall sponsor a public meeting, in which the Participating TO shall participate, for the purpose of public review of the proposed change(s) and public input to the Participating TO regarding the proposed change(s).
- d) Nothing in this Tariff is intended to limit the right of a Participating TO to propose changes to its Access Area Charge, or of any party to protest changes to Access Area Charges.

#### **4. Interconnection of New Generation or Load**

*[This section needs to be fleshed out and moved into an Appendix on System Expansion and Grid Interconnection. That Appendix should also specify the principles and*

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<sup>8</sup> Note: the equivalent charges for wheeling out will be covered in the FTR section.

*procedures for determining: (i) a new Generating Unit's or new load's appropriate share of the cost of any required new transmission additions or upgrades, and (ii) the appropriate credits to be provided to the new Generating Unit or load for any system benefits created by such transmission additions or upgrades.]*

- a) An Eligible Customer which desires the interconnection of a Generating Unit or a load to the transmission or distribution facilities of a Participating TO shall concurrently submit to the ISO and to the appropriate Participating TO a written application which meets the information requirements specified in Appendix [*System Expansion*] of the ISO Tariff.
- b) The Participating TO shall respond to such an application pursuant to the terms of the ISO Tariff.
- c) At the request of an applicant which believes that its interconnection request is not being treated expeditiously, justly or reasonably, the ISO shall, as specified in Appendix [*System Expansion*], investigate and participate in the Participating TO's interconnection process, and may participate in any dispute resolution process or regulatory or judicial proceeding related thereto.

## **Scheduling Coordinators**

The ISA shall accept Schedules and bids for energy and Ancillary Services only from SCs that have been certified by the ISA pursuant to Appendix J.

### **1. Certification**

Each SC shall enter into a Scheduling Coordinator Agreement with the ISA that obligates the SC to comply with the terms of the Tariff and ISA protocols and to maintain the ability to:

1. Demonstrate to the ISA's reasonable satisfaction that it is capable of performing the functions of an SC as specified in Appendix J;
2. Identify each of the Eligible Customers that it is authorized to represent as an SC and certify that each Eligible Customer meets the metering requirements contained in Appendix H;
3. Confirm that each retail customer it represents is eligible for direct access under an approved state program;
4. Confirm that none of the wholesale customers it represents is ineligible for wholesale transmission pursuant to the provisions of Federal Power Act Section 212(h);
5. Demonstrate that it meets the financial criteria set forth in Appendix J; and
6. Confirm that each Generator for which the SC provides scheduling services for energy and Ancillary Services has either: (i) signed a Generator Agreement with the ISA, or (ii) represents a Generating Units whose outputs are less than 10 MW.

### **2. Responsibilities**

Each SC is responsible for:

1. Submitting Balanced Schedules and Ancillary Services bids and schedules in the Day-Ahead Scheduling Process and the Hour-Ahead Scheduling Process in accordance with Appendix B;

2. Acquiring the transmission rights across FTR Interfaces necessary to support its Balanced Schedules;
3. Self-providing or acquiring from the ISA its allocated share of Ancillary Services;
4. Directing the response of Generating Units and Dispatchable Demands consistent with CAO Dispatch Instructions in accordance with Appendix C;
5. Providing real-time information to the ISA and CAOs in accordance with Appendix C;
6. Providing to the ISA such information and maintaining such records as are reasonably required by the ISA, including metering and billing data in compliance with Appendix H;
7. Paying the ISA for charges under the Tariff; and
8. Paying the TOs for transmission charges under the TO Tariffs.

### **3. Operations**

Each SC shall operate and maintain a twenty-four hour, seven day per week scheduling center for the purpose of communicating with the ISA and the CAOs on a Real-time basis. Each SC shall, for the duration of the scheduling process and Settlement Period for which the SC has submitted Schedules to the ISA, designate a representative who shall be responsible for operational communications with the ISA and who shall have sufficient authority to commit and bind the SC.