

STOEL RIVES LLP

M E M O R A N D U M

June 28, 2000

TO: RTO Legal Work Group
FROM: Marcus Wood
RE: Classification of Transmission Control/Operating Agreement Issues

In the Legal Subgroup conference call of June 23, we agreed that at the RTO Legal Workgroup meeting on June 27, we would separate issues raised concerning the Transmission Control/Operating Agreement ("TCA") into three groups. These groups are:

Group A: Proposed TCA changes that met all of the following requirements: There was consensus as to the changes, the changes were relatively easy to implement and the changes did not require inputs from other RTO work groups. These changes would be made to the TCA, subject to review by the subgroup members and revision if needed as a result of such review.

Group B: Proposed TCA changes that either were controversial or required further clarification. One or more fact-to-face meetings of the subgroup would be scheduled to promptly address these issues.

Group C: Proposed TCA changes that could not be made without inputs from other RTO work groups. The necessary inputs from the other RTO committees would be identified and the applicable work groups would be asked when the inputs would be available. The work with respect to such TCA changes then would be scheduled based on responses received from the other RTO work groups as to when the inputs would be available

This memorandum makes a proposed separation of all issues identified in the TCA outline I sent to the RTO Legal Workgroup members on June 26. The separation will be modified based on our discussion on June 27.

General Comments

BPA -- all B

PPC – B

BC Hydro -- B

1. Definition of Terms

PPC – B

Tribes – B
ITC -- B

2. Effective Date; Operations Date(s); Term and Termination

Comments in bold -- B

BPA -- B

Enron -- A

PPC -- all B

ITC -- B

3. Additional Participating Transmission Owners

Enron -- B

4. Integration and Physical Interconnection

Comments in bold -- all C

BPA -- A

Enron -- C

Seattle -- C for comment on Section 4.3; B for comment on Section 4.2.2; A for clarification of who pay for the cost of a new interconnection [the party seeking the interconnection]

PPC -- C for comments relating to control of transmission lines; B for comments re tax-exempt debt

ITC -- C

[IPPs – B for 4.1 but *IPP representative notes that can be converted to A by adding specific language stating that: 1\) QF or Merchant may retain any current rights to deliver power under its current Power Purchase Agreement without executing a GIA, or may elect to sign a GIA; 2\) –The QF or Merchant may elect to take RTO service and to operate within the RTO control area, subject to continuing to meet its obligations under any applicable existing Power Purchase Agreement to which such QF or Merchant is bound.*; B for comments as to 4.2.2 and 4.2.3.](#)

5. The RTO's Provision of Transmission Services

Comments in bold -- all C

BPA -- A for comments as to Sections 5.1.3, 5.1.4 and 5.4.2; B for Comment as to Section 5.3

Enron -- B

Seattle -- C

PPC -- C

ITC -- C

[IPPs – B for 5.2.3; C for 5.3 and 5.4.](#)

6. Pre-Existing Transmission Agreements

BPA -- B, except A for the comment as to Section 6.3

Snohomish – C

ITC -- C

7. Control and Operation of Transmission Facilities; Ancillary Services

Comments in bold -- C

BPA -- B for comment on Section 7.1.1 (and 5.1); B on comment on Sections 7.2 and 7.3.6; C on comments on Section 7.3.5; B on comment on Section 7.3.8; A on comment on Section 7.5

Enron -- C

PPC -- B on comment on Section 7.1; C on comment on Section 7.3; A on comment on Section 7.5

ITC -- C

[IPPs -- B](#)

8. Transmission Facilities Management

BPA -- B on comments on Sections 8.1 and 8.2; A on comment on Section 8.3

Seattle -- C

PPC -- C

9. Critical Control Facilities

Enron -- B

Seattle -- B

ITC -- B

DSIs (Murphy) -- B (see language provided -- need clarification as to the revision sought)

BPA -- C on general comment on section 9; A on addition of "transmission" in section 9.2; B on clarification of language in section 9.2; B on comments on section 9.4.

[IPPs -- B for comments on Section 9.2 \(assuming that as a legal matter, the answer is that no QF or Merchant can be compelled to act as a Critical Control Facility or to provide RAS unless the QF or Merchant itself agrees, or unless an existing agreement between a QF or Merchant and an Executing Transmission Owner grants the Executing Transmission Owner the right to so designate the QF or Merchant.\) C \(to legal subgroup on liability for comments on Section 9.4.](#)

10. Other Support System Requirements

PPC -- B

BPA -- B

11. RTO Compliance and Coordination Standards

BPA -- C

12. Support of Upgrade and Expansion of Transmission Facilities

Enron -- B

Seattle -- B

PPC -- B

States -- B

BPA -- B

13. Planning

Comments in bold -- C

Enron -- C

BPA -- C

[IPPs -- C](#)

14. Executing Transmission Owner's Rate Schedule

Comments in bold re performance-based pricing and payment agent -- C

Comments in bold re stranded cost provisions -- B

Enron -- B

Duncan, Weinberg -- B

PPC -- B

DSIs (Early) -- B

ITC -- A (Assuming agreed answer is “yes,” so long as the contracts do not also provide for wheeling services purchased separately by the power purchaser from the transmission function of the power supplier.)

BPA -- C (to Payment Agent Agreement legal subgroup) for Payment Agent Agreement comments; B for added language requested; A for comment as to section 14.4.2;

15. RTO Tariffs

Comments in bold -- C

Snohomish -- B

Duncan, Weinberg -- B

PPC -- B

ITC -- B

16. Transmission Capacity Reservations

Comments in bold -- C

PPC -- C

NRU -- C

BPA -- C

IPPs -- C as to Canadian Entitlement issues; B as to comments on TCR language (although discussion may reveal clarifications needed from the Congestion Management Work Group)

[IPPs --C](#)

17. Billing and Payment; Right of Offset

18. Records and Information Sharing

19. Staffing

No changes identified.

20. Limitation on Liability and Insurance

Comments in bold -- C

21. Dispute Resolution

[BPA -- B](#)

[BC Hydro -- A](#)

[Seattle -- B](#)

22. Uncontrollable Force

23. Assignments and Conveyances

24. Confidentiality Obligations

No changes identified.

25. Miscellaneous

Comments in bold -- A

Exhibit A -- Schedule of Definitions

Seattle -- C

Comment re retail access and Duncan, Weinberg response -- B

PPC -- B on miscellaneous issues noted