

RTO West – California ISO
Seams Meeting Minutes
August 14, 2000
Seattle, Washington

Attendees:

<u>Name</u>	<u>Organization</u>	<u>Phone</u>	<u>Email</u>
Ricky Poon	BPA/PBL	503-230-5887	rbpoon@bpa.gov
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Wally Gibson	NWPPC	503-222-5161	wgibson@nwppc.org
Paul Arnold	BPA	360-418-2302	pfarnold@bpa.gov
Barney Speckman	RTO West Project	503-258-0475	bmspeckman@aol.com

Agenda:

Listed below

Meeting Summary:

The meeting began with a discussion of the status of development in each area. The majority of the discussion focused on the state of development of RTO West market design in particular the approach to congestion management. Frank Afranji and Wally Gibson provided an overview of the flow based approach and the scheduling process and timeline currently being discussed.

California indicated that while they are planning to deal with their internal paths with a flow based approach, they did not plan to use a flow based approach with their neighbors who are still scheduling with a contract path approach.

CAISO indicated that they think scheduling with their neighbors using a flow based approach at the seams would require the entire region to adopt a flow based scheduling; until that point is reached a hybrid approach (flow based internal and contract path at the seams) would be required for those choosing flow based within their region.

CAISO reported on their plans to reform their markets which includes their congestion mechanism, RMR contracts and the introduction of new transmission products including a recallable transmission service. They indicated their plans to seek their Board's approval in the August timeframe

CAISO pointed out the following areas that need to be considered /ddressed in a physical rights scheduling model approach:

- It is highly dependent upon a robust secondary market.
- It should be designed to be usable by small as well as large market participants.
- Gaming/hoarding opportunities need to be addressed in the scheduling process and monitored on an ongoing basis.
- The secondary market for trading FTRs in California is not very active. (It was observed that the ISO FTR for the California Oregon Interface (CO) may be traded more actively in the future as a result of market participants interest in coordinating the management of risk across the seam.)

The following principles were discussed for the collective COI congestion management process:

- 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. For example, align the timing for the daily process for the 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 an iteration. However, this facilitates timely schedule checkout across the COI interface.
- The process is used at the COI seam may have to be augmented/customized provided doing so does not create new Seams issues as a result.

Following this discussion, 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 (early September if possible) once the RTO West has reached consensus on an overall approach to congestion management.

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

- 1) Schedule a second meeting as previously described to explore the issues related to congestion management at the seams.
- 2) Develop a bilateral agreement (possibly an MOU) between CAISO and RTO West outlining a commitment to working together to resolve seams issues. Such an agreement could be considered for inclusion or reference in the October 15 filings planned by the two entities.

Respectfully submitted,
Barney Speckman
August 30, 2000

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Agenda

- I Introductions
- II Briefly review plans for RTO filings
- III RTO West design review
 - Congestion Management
 - FTR design
 - Auction basis (OTC, TTC)
 - Day Ahead Markets?*
 - Ancillary Services
 - FTRs required for import/export
 - Real time energy procurement and pricing
 - Supplemental Energy in real time
- IV Area where Intra-Regional efforts could be focused
 - CM at the seams (approach, timing etc.)
 - FTRs at the seams (*Physical versus Financial*)
 - Coordination of maintenance scheduling (*Outage Planning*)
 - Coordinated real time curtailments/market mechanisms
 - Coordinated Transfer capacity determination and posting
 - Business practices at the seams
 - Settlement at the seams
 - Major loop flow mitigation and rights allocation
 - Nomogram
 - CM model
 - Price reciprocity
 - Coordinated changes at the seams
 - Dispute resolution
- V Ongoing Dialog
 - Shape, direction of relationship of RTOWEST/CAISO*
- VI Next Steps