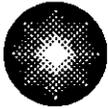


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**Constellation
Power Source**

*A Member of the
Constellation Energy Group*

VIA COURIER

November 20, 2000

Mr. David P. Boergers
Secretary
Room 1-A 209
Federal Energy Regulatory Commission
888 First St. N.E.
Washington, D.C. 20426

RE: **Avista Corporation, et al.**
Docket No.: RT01-35-000

Dear Mr. Boergers:

Enclosed please find an original and fifteen copies of the Motion to Intervene and Comments of Constellation Power Source, Inc. ("CPS") for filing in the above-referenced proceeding. Kindly date-stamp one of the copies and return it to CPS in the enclosed self-addressed, stamped envelope for our files.

Very truly yours,

Lisa M. Decker, Esq.
(410) 468-3492

Enclosures
LMD/



Goldman Sachs Power L.L.C. is the exclusive advisor to Constellation Power Source.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Avista Corporation)	
The Bonneville Power Administration)	
Idaho Power Company)	
The Montana Power Company)	Docket No. RT01-35-000
Nevada Power Company)	
PacifiCorp)	
Portland General Electric Company)	
Puget Sound Energy, Inc.)	

MOTION TO INTERVENE AND COMMENTS
OF
CONSTELLATION POWER SOURCE, INC.

On October 16, 2000, Avista Corporation, the Bonneville Power Administration, Idaho Power Company, The Montana Power Company, Nevada Power Company, PacifiCorp, Portland General Electric Company, Puget Sound Energy, Inc. and Sierra Pacific Power Company (collectively, the "Filing Utilities") submitted a proposed compliance filing ("RTO Filing") pursuant to Order No. 2000.¹ In addition, on October 23, 2000, the Filing Utilities made a "Supplemental Compliance Filing and Request for Declaratory Order Pursuant to Order 2000" ("RTO Filing II") at the Federal Energy Regulatory Commission ("Commission") in accordance with 18 CFR 385.207(a)(2). The filings describe the Filing Utilities' proposal to form a regional transmission organization (referred to as RTO West). By Notice of Filings issued on October 20, 2000 and October 24, 2000, the Commission established November 20, 2000 as the deadline for interested parties to be heard or protest. Pursuant to Commission Rules of Practice and Procedure 212 and 214, 18 C.F.R. §§ 385.212 and 385.214, Constellation Power Source, Inc. ("CPS") hereby moves to intervene and comment in the above proceeding.

CPS, a wholly-owned power marketing subsidiary of Constellation Energy Group, is a corporation organized and existing under the laws of the state of Delaware. On May 15, 1997,

¹ *Regional Transmission Organizations*, III FERC Stats. and Regs., Regs. Preambles ¶ 31,089 (1999); *order on reh'g*, III FERC Stats. and Regs., Regs. Preambles ¶ 31,092 (2000).

the Commission approved CPS' application to sell power at market-based rates. *Constellation Power Source, Inc.*, 79 FERC ¶ 61,167 (1997). CPS engages in the marketing of electricity in nearly all regions of the country. As CPS intends to fully participate as a competitive power marketer in the RTO West region and will utilize the Filing Utilities' transmission facilities, CPS' interest in this proceeding is unique and cannot be adequately represented by any other party. Therefore, CPS should be permitted to intervene and participate in this proceeding.

CPS requests that the following individuals be placed upon the official service list in this proceeding and receive all pleadings, communications, documents and correspondence concerning this docket:

Lisa M. Decker, Esquire
Constellation Power Source, Inc.
111 Market Place
Suite 500
Baltimore, Maryland 21201
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Facsimile: (410) 468-3499

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COMMENTS

Included in the Filing Utilities' RTO Filing II was a description of the congestion management system proposed for RTO West.² While many details have yet to be resolved,³ certain fundamental parameters of the system were set forth in the filing. Of particular concern to CPS is the proposed implementation of a "flow-based physical rights" congestion management model⁴ within RTO West. As described by the Filing Utilities:

RTO West will manage congestion on flowpaths, which are RTO grid facilities that are expected to have commercially significant amounts of congestion. On these flowpaths, RTO West will manage congestion primarily by issuing transmission rights. . . . Customers that wish to

² *RTO Filing II*, pp. 66-68; *see also*, Attachment M, p. 1.

³ The Filing Utilities intend to submit another filing (their "Stage 2" filing) in Spring 2001 with all remaining documents and information needed to complete their proposal for RTO West. *RTO Filing II*, Executive Summary, p. 5. CPS will continue to participate within the RTO West stakeholder process and offers its comments at this time in order to facilitate the Commission's review of the current RTO filings.

⁴ A "flow-based" congestion model is one in which Flow Distribution Factors will be used to determine how schedules are deemed to flow between Congestion Zone source and sinks on flowpaths thereby requiring transmission rights.

schedule across flowpaths will be required to have transmission rights (primarily FTRs or other transmission rights such as RTRs, NTRs, and non-converted rights set-aside described in Attachment M, Description of RTO West Congestion Management Model) before the schedule is accepted. *RTO Filing II*, pp. 66-67.

While CPS is not opposed to the use of a "flow-based" model for congestion management, the congestion management system as proposed by RTO West is detrimental to the development of a robust competitive market. Here, the proposed model is deficient in that it will not permit scheduling of transactions in the day ahead scheduling process unless all associated Firm Transmission Rights ("FTRs") have first been obtained.⁵ Such a proposal has the potential to stifle the development of a competitive market as it prevents market participants from scheduling transactions on a day ahead basis even if the participant is willing to pay for the real-time congestion from the point of interconnection with the grid (source) to the point of delivery to the load (sink).

In contrast, allowing schedules to be submitted without FTRs would facilitate increased use of the transmission system and will facilitate a more efficient market, since a market participant will be able to enter into transactions (long-term or short-term) based on its estimate of real-time congestion costs without being held hostage to the holders of FTRs. In doing so, the market participant can compare the FTR costs to the market participant's estimate of congestion costs in the real time market and then make a decision based upon the associated economics of the two options.⁶ Thus, CPS believes an essential element in the creation of a workably competitive market in the RTO West region is the ability to submit schedules without having first obtained all associated FTRs. This is particularly essential in a market design that allocates FTRs

⁵ *RTO Filing II*, pp. 66-67; see also Attachment M, p. 1.

⁶ For example, if a market participant desires to schedule a transaction from point "A" to point "B" and anticipates the real-time congestion cost from point "A" to point "B" to be approximately \$5.00 per MWh, but the FTRs for a transaction from point "A" to be "B" are only available in the secondary market for a cost of \$10.00 per MWh, under the Applicants' proposal, the market participant must pay the \$10.00 per MWh for the required FTRs or must refrain from submitting the schedule. As proposed by CPS, the market participant can either pay \$10.00 per MWh for the required FTRs and submit the schedule with the FTRs, not submit the schedule at all, or submit the schedule without the FTRs and pay the real-time congestion costs which the market participant estimates to be \$5.00 per MWh.

to the incumbent market participants. Accordingly, RTO West should be directed to modify its proposal to permit market participants to submit schedules without holding any or all of the associated FTRs.

WHEREFORE, CPS respectfully requests that the Commission consider its comments, grant its motion to intervene and designate CPS a party to this proceeding, with all the rights appropriate to that status.

Respectfully submitted,



Lisa M. Decker, Esquire
Constellation Power Source, Inc.
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Suite 500
Phone: (410) 468-3792
Fax: (410) 468-3499

Dated: November 20, 2000

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have served on this 20th day of November, 2000 the foregoing document by regular mail, postage prepaid, on those persons listed on the official service list maintained by the Secretary for the above proceeding.



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