



# CONGESTION MANAGEMENT CONTENT GROUP

Stage 2



# August 3, 2001 Status Report

- Work Plan
- Model Update
- Open Issues



## Background

- Early June – Consensus decision to base congestion management model on flow-distributed rights
- Since June – Congestion Management Content Group working diligently to finalize details of commercial model and commence translation of pre-existing rights and load service obligations to initial Firm Transmission Rights (“FTR”)



## Progress To Date

- Commercial Model
  - Majority of threshold issues have been fully explored, many are resolved and others are close to resolution
  - Liquidity still significant issue that needs further attention
- Translation of Pre-Existing Contracts and Load Service Obligations
  - Enough is now known about congestion model in order to go forward with translation of rights and obligations
  - Near-term – Exercise to preliminarily “map” rights to Flow Paths
  - Longer-term (but before 12/1) – Process to translate rights to FTRs



## Detailed Work Plan

- Working Model Process – “Working assumptions” are being made to complete model which can then be tested as a complete package for acceptability (for example, working list of Flow Paths and Zones)



## Detailed Work Plan

- 8/9 Commercial model scheduling and translation issues resolved
- 8/23 Initial translation “exercise” completed and rules finalized
- 8/30 Final list of Day 1 Flow Paths and Zones
- 9/6 All commercial model issues resolved
- 9/20 Market power mitigation complete
- 9/27 First pass validation well underway
- 10/22 Translation of rights well underway
- 12/1 Translation of rights sufficient for filing completed



# Working Map



# **Description of Framework**



## Rights

- RTO creates transmission rights for flowpaths with commercially significant congestion
- Pre-existing contract rights and load service obligations are translated to Firm Transmission Rights (“FTR”)
- RTO sells remaining FTRs through auction process



## Scheduling

- A Scheduling Coordinator (“SC”) must provide the RTO with certain FTRs that are associated with its schedule
- FTRs associated with a schedule are determined by applying flow distribution factors to point of injection and point of withdrawal
- A schedule may flow over one or more flowpaths
- The SC has to submit FTRs sufficient to cover its schedule on these flowpaths with two exceptions



## **Forgiveness Threshold**

- An SC does not need to submit FTRs on associated paths that fall below a Forgiveness Threshold



## Scheduling Threshold

- An SC may, but is not required to, submit FTRs on associated paths that fall below a Scheduling Threshold and above the Forgiveness Threshold



## **Allocation of the RTO's Costs to Address Other Congestion**



## Scheduling Threshold

- To the extent it has opted not to submit FTRs, an SC is financially responsible for the RTO's actions in procuring needed FTRs or taking other action to clear the congestion related to the “uncovered” portion of such SC's schedule



## **Costs Related to Addressing Other Congestion (e.g., Intra-zonal Congestion, Other Inter-zonal Congestion)**

- Uplifted to all RTO schedules on MW-hr basis with exception regarding terms of existing contracts



## **RTO Adjustments to Contain Costs of Congestion**

- There are a number of mechanisms to manage or control the congestion costs that are being uplifted to RTO West schedules



## **Containing Costs of Intra-Zonal Congestion**

- The RTO will consider creating new flowpaths when the costs of intra-zonal congestion become commercially significant
- “Principle” to be applied has been developed



## Containing Costs of Inter-Zonal Congestion

- RTO West manages “Below Forgiveness Threshold FTRs” and credits any revenues against inter-zonal congestion costs to be uplifted
- Should the costs of resolving inter-zonal congestion exceed pre-determined levels or triggers, the RTO must take action to reduce congestion costs (e.g., change thresholds, modify Congestion Management Model)
- Triggers have been developed



## RTO Role in Resolving Congestion

- RTO will resolve congestion prior to completion of day ahead scheduling process
- RTO will have a number of way to resolve congestion
  - Adjust system devices (e.g., phase shifters)
  - Purchase redispatch (incs/decs)
  - Buy back FTRs
  - Derate FTRs



## Open Issues

- Liquidity (Ensuring that those needing FTRs have opportunity to buy them)
- “Overallocation” of rights (Translated rights exceed Flow Path’s rating)
  - Caused by overcommitment or translation accuracy
  - Translation exercise to quantify extent



## Open Issues

- Netting
  - Scheduling and translation
  - Flexibility v. efficiency
- FTR “Firmness” – Delineate FTR impact from:
  - System changes
  - Forced outages
  - Maintenance outage extensions
  - Etc.