

**RTO West Stage 2 Development Process
Planning Principles Group
Issues**

June 27, 2001

Least Cost Planning

The group agrees that least cost planning should be incorporated into the RTO West planning structure as suggested by FERC in the RTO West Order.

For purposes of the August 31 filing, the group will develop a definition of least cost planning, but the process will not be fully developed until after the filing.

Sharing of Responsibilities Between RTO West and Transconnect

FERC has requested more specifics regarding how RTO West and Transconnect will “share” planning responsibilities for the transmission facilities controlled by RTO West that are owned by Transconnect.

The Transconnect parties are working on a proposal which, ideally, will be presented to the group in the very near future. In particular, the group is interested in knowing whether the Transconnect parties believe that Transconnect should have decision-making authority and, if so, whether Transconnect’s decisions would be subject to RTO West’s review and possible modification (and to what extent). Until the group receives the proposal, their working assumption is that Transconnect is treated like other PTOs with respect to planning.

Role/Authority of RTO West with Respect to
Expansion Related to Congestion Relief

What role/authority does RTO West need to have in order to comply with Order 2000’s requirement that the RTO have “ultimate responsibility for planning and expansion”?

Stage 1 – RTO West has responsibility for long-range “planning” of facilities controlled by RTO West (planning from the perspective of gathering, analyzing, and disseminating information about the RTO West system);

RTO West has final decision-making authority with respect to facilities to assure transmission adequacy; and

“Market” (including PTOs) has final decision-making authority with respect to expansion related to congestion relief.

Is it appropriate to maintain distinction between congestion relief (economic) and transmission adequacy (load service)?

Is it appropriate to rely exclusively on a market driven mechanism to provide for expansion to relieve congestion?

Should the RTO just provide historic information about congestion or should the RTO project or forecast congestion?

Grid Florida Order – FERC emphasizes expansion to provide competitive energy market – what is the order’s relevance to RTO West?

Role of RTO West in “fixing” congestion through expansion in order to make congestion model “workable.”

Expansion as a market mitigation tool.

Facilities For Which the RTO has Planning Responsibility

Reconciling the TOA and filing materials with planning principles and decisions (if RTO “controls” then it plans for facilities).

Can facilities be “turned over” to the RTO solely for pricing purposes or will there need to be some RTO planning oversight or coordination (albeit of a different nature than when facilities are turned over to the RTO for operational purposes).

Who Pays

Concern re risk of double-payment if PTOs recover cost of upgrades/expansion through Company Rates.

Open Process

Need to carry forward the Stage 1 principle regarding open processes (at all levels – RTO, PTOs, Transconnect)