



**CONGESTION
MANAGEMENT
CONTENT GROUP
Update
October 12, 2001**



Background

- Early June – Consensus decision to base congestion management model on flow-distributed physical rights (Stage 1 based)
- Since June – Developing Working Model
- Since Last RRG Update – Started Overall Assessment



Snapshot

- Examining Workability of Model
 - Flow Path Physical Rights
 - Pre-existing rights and load service obligation translation
- Comparing To Other Possible Options
 - Financial Rights models
 - Variations to translation approach
- Three Options Under Consideration
 - Flow path, physical rights model with financial add on (Stage 1)
 - Financial rights model similar to PJM
 - Financial rights model without translation



Snapshot (Continued)

- Content Group Divided Over Three Options
 - No clear preferred option (Can live with)
 - No option group is ready to drop
- Some Need More Information On PJM Style Option
- Two Broad Differences
 - Model design mechanics
 - Treatment of pre-existing rights and obligations



Snapshot (Continued)

- Treatment of Pre-existing Rights and Obligations
 - Range of approaches
 - Issue –
 - Price Certainty Of Pre-existing Contracts and LSO (PEKs) Under RTO Operation (After Translation)
 - VS
 - Availability Of Products To Manage Price Risk For Those Without PEKs on a comparable basis
- Challenge Is To Find A Middle Ground
 - Exploring Ways To Share Some Of The Price Risk



Near Term Plan

- FERC RTO Week
- October 23 , 2001 PJM Informational Workshop
- Work On Undefined Aspects Of All Three Options
- Bring To RRG In Near Term