

FACT SHEET (10/4/01)

FORMER DESERTSTAR MEMBERS

ESTABLISHING A FOR-PROFIT RTO

FOR THE WESTERN REGION

Numerous investor-owner, public power, and cooperative Southwestern electric transmission owners are finalizing the development of a for-profit RTO for the Western U.S. that will be named WestConnect. These utilities are developing a for-profit governance structure that would be focused on ensuring reliability, nondiscriminatory open-access, a robust wholesale market, and independent governance. WestConnect is the culmination of the earlier DesertSTAR stakeholder process and will basically be using the operational protocols that were developed for DesertSTAR over the last four years.

Six of these utilities are in the process of signing a MOU that should assure a timely formation and filing of the necessary documents with FERC, as well as initial operation of the new RTO. These members include: Arizona Public Service Company, Tucson Electric Power Company, El Paso Electric Company, Public Service Company of New Mexico, Salt River Project, and Texas-New Mexico Power Company.

The group has turned to the for-profit governance structure, in place of the not-for-profit DesertSTAR model based on recent FERC rulings and the interest of the utilities to create a governance structure that will motivate innovation and creativity in the operation of the western transmission grid. WestConnect would be responsible for security, reservations, scheduling, planning for transmission expansion, and congestion management for the regional transmission system.

The utilities are developing a governance structure that will embrace new entrants to WestConnect to allow WestConnect to become the RTO for the west region envisioned by FERC. WestConnect is currently working closely with members of RTO West and their TransConnect members, as well as others, to expand the service area to be encompassed by WestConnect.

WestConnect intends to file its complete governance package along with its complete tariff with the FERC in mid-October. Many man-hours have been invested by the utilities and many other stakeholders in creating the operating protocols that will be used by WestConnect and these should readily provide the foundation for the creation of the desired west-wide RTO.

Alan Propper
Arizona Public Service Company
(602) 250-3148