

# Western Market Vision

- One Seamless West-Wide Market
  - Common Business Practices
  - No Trade Barriers
  - Minimum Transaction Costs
- Three RTOs - a Necessary First Step
  - Retain Regional Accountability for Capital Expenditures, Reliability and Planning
  - Retain Regional Operating Knowledge
  - Share Services
  - Capture Symbiotic Benefits (e.g., act as back-up control center for each other)
- Potential for fewer RTOs in the Future

# Western Market Vision

## Shared Services

- Back-Up Control Centers
  - Employee Training
- Pooled Human Resources
  - Purchasing
  - Settlements
- Enterprise Software
  - IT Systems

## One Stop Shopping

- OASIS
  - Ancillary Services
    - Scheduling
  - Market Monitoring
  - Inter-Regional Planning
- Interregional Dispute Resolution

## Regional Accountability

- Selection of Boards of Directors
- Provider of Transmission Services
  - Control Area Operation
  - Security Coordinator
    - Maintenance
- Intra-regional Dispute Resolution
  - Outage Coordination
  - Capital Expenditures
  - Regional Planning
  - FERC Compliance

## Standards and Practices

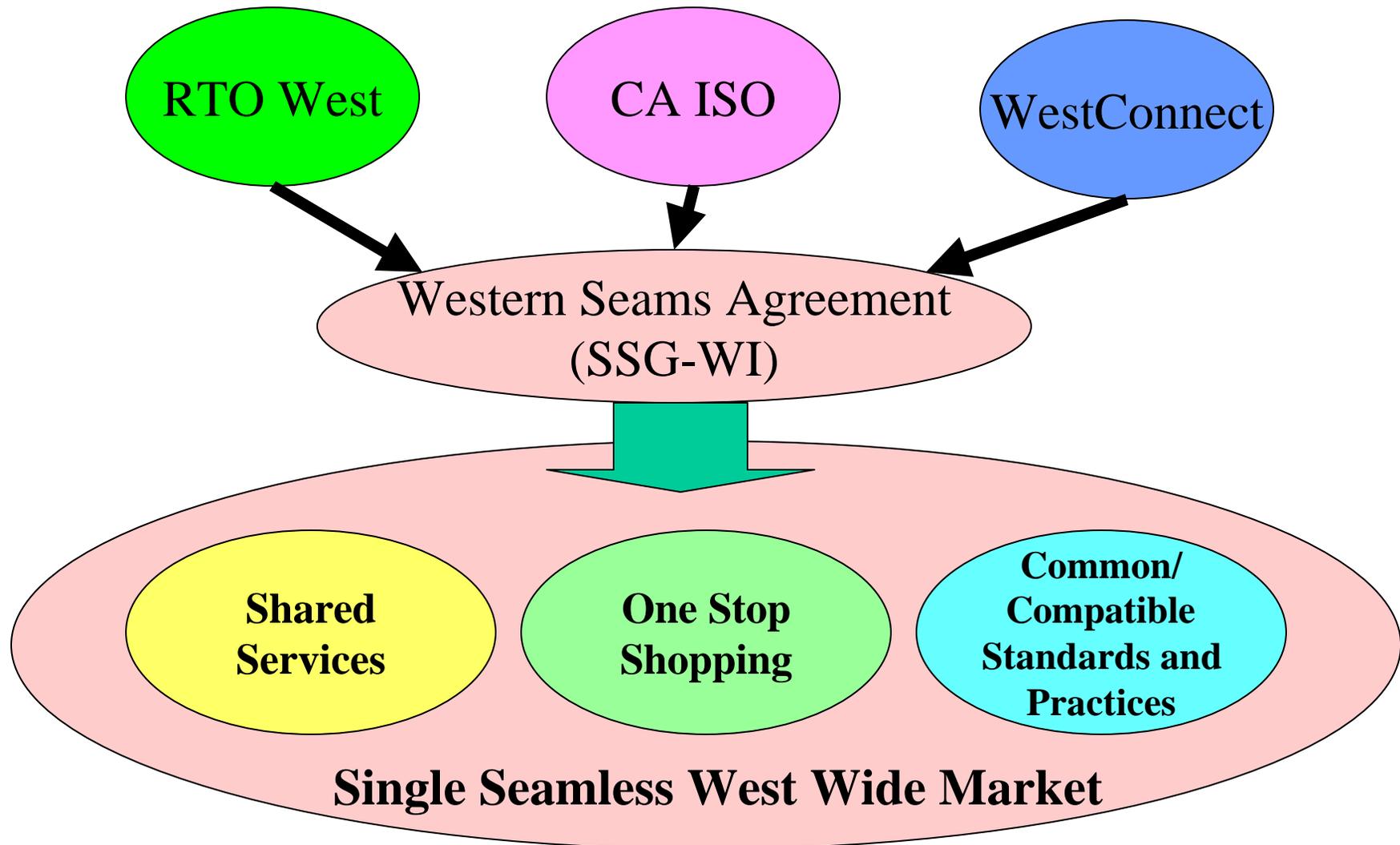
### Common

- Transmission Products
- Interconnection Standards
  - Reliability Standards
    - ADR
- Protocols & Data Standards
  - Scheduling Practices
    - Pricing
  - Liability Protection

### Compatible

- Congestion Management
- Information Systems
  - Tariff Design

# The Western Market



# Why One Market Instead of Three?

- Efficient Markets Reduce Prices
- One Stop Shopping (Common OASIS)
- Compatible Products
- Standard Business Practices
- More Efficient Use of Transmission System through Consistent Practices
- Meet FERC's Single Market Expectations
- Meet the Needs of Commerce Across the West

# Why Three RTOs Instead of One?

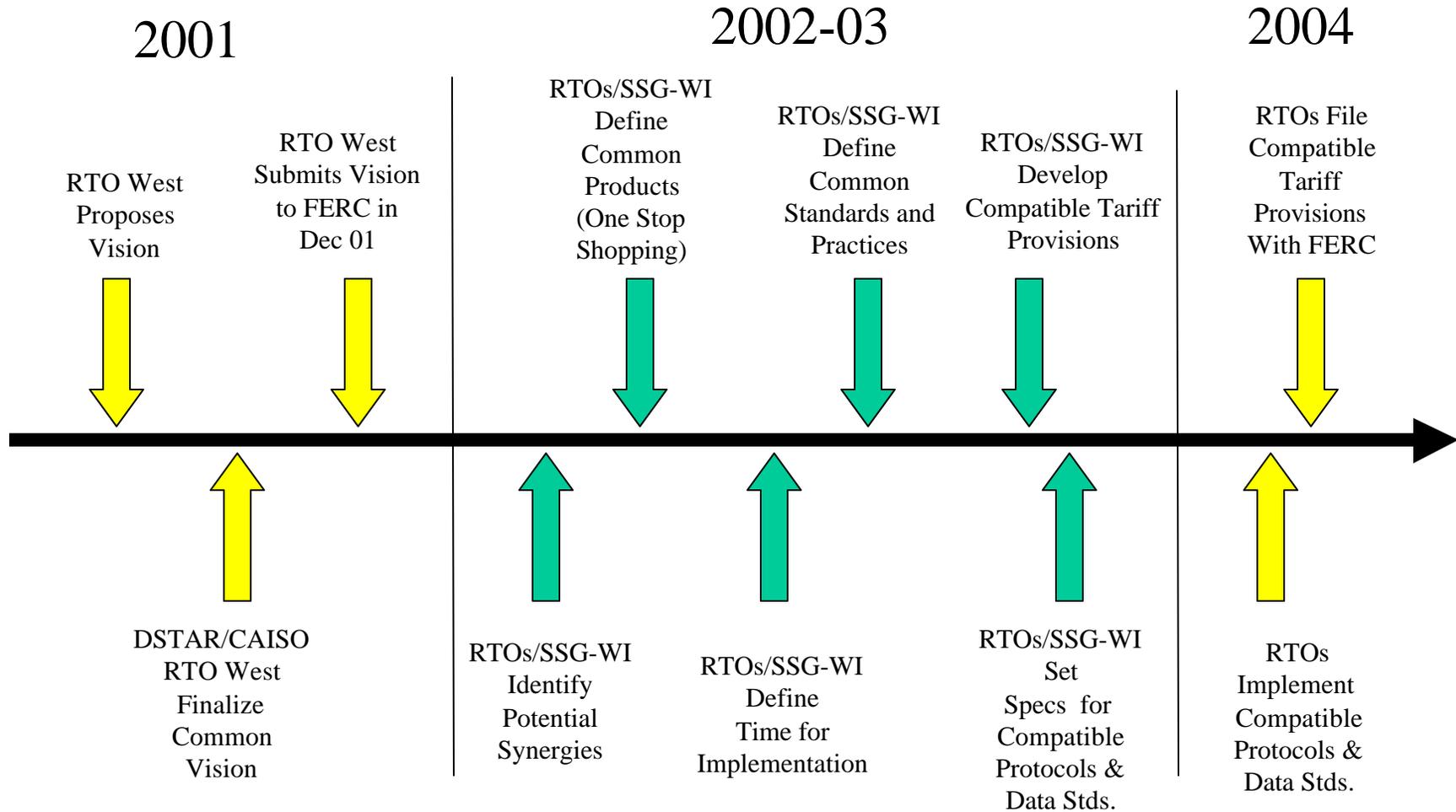
- The complexity and size of the Western Interconnection favors three RTOs to assure reliable, manageable operations and security coordination
  - Diverse load structures
  - Dispersed load centers
  - Differing seasonal load characteristics
  - Regionally\* diverse generation types (hydro/thermal based)

\* Region - Refers to the major sub areas of the Western Interconnection such as the RTO West area, the WestConnect area and the California ISO area.

# **Why Three RTOs Instead of One?**

- **Individual Accountability IS Critical to each RTO**
  - Capital expenditures, reliability and planning are primarily regional concerns
  - Must consider issues specific to each region, i.e. air quality, Endangered Species & fish concerns, compliance matters, etc.
- **Three RTOs are Achievable in the Near Term**
  - Builds on strong political preference for three RTOs
  - Reduces operational, financial and political risk
  - Integrating the western market in steps is the fastest way for consumers to realize the benefits of wholesale deregulation

# Timeline to Seamless West-Wide Market



# Next Steps

- WestConnect, CA ISO and RTO West finalize Western Market Vision
- Obtain support from Congressional Delegation, PUCs, Publics, and other Stakeholders
- Document the shared vision in a seams coordination agreement among the three RTOs
- RTO West includes documentation with December FERC filing
- Revisit roles and responsibilities of the reliability and market coordinating organizations throughout the West in view of formation of a west-wide market