

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

	)	
Regional Transmission Organizations	)	Docket No. RM99-2
	)	
	)	
	)	

JOINT COMMENTS OF  
THE BONNEVILLE POWER ADMINISTRATION, DESERT STAR, INC., IDAHO  
POWER COMPANY, THE MONTANA POWER COMPANY, NEVADA POWER  
COMPANY, PACIFICORP, PORTLAND GENERAL ELECTRIC COMPANY,  
PUGET SOUND ENERGY, INC., AND SIERRA PACIFIC POWER COMPANY IN  
RESPONSE TO JOINT MOTION OF ELECTRICITY CONSUMERS RESOURCE  
COUNCIL, ET. AL. TO CONVENE A TECHNICAL CONFERENCE

On December 15, 2000, Electricity Consumers Resource Council (“ELCON”), Electric Power Supply Association, Enron Power Marketing, Inc., Reliant Energy Power Generation, Inc., and Dynegy, Inc. (the “Joint Movants”) filed with the Commission a Joint Motion to Convene a Technical Conference on Interregional Coordination (the “ELCON Motion”). The ELCON Motion requested the technical conference to enable the Commission to “provide guidance on implementation of Function 8 of Order 2000 – Interregional Coordination.” ELCON Motion at 1. Pursuant to the Commission’s March 28, 2001 Notice of Filing related to the ELCON Motion, the Bonneville Power Administration, Desert STAR, Inc., Idaho Power Company, The Montana Power Company, Nevada Power Company, PacifiCorp, Portland General Electric Company,

Puget Sound Energy, Inc., and Sierra Pacific Power Company (the “Western Joint Commenters”) offer these joint comments in response to the ELCON Motion.

In their Motion, the Joint Movants state that “...effective resolution of seams issues is critical: (i) to increase commercial activity between and among regions, and (ii) to improve reliability without adverse impacts on operations or markets.” ELCON Motion at 4. The Joint Movants conclude “there can be little doubt about the need for immediate progress on interregional coordination” and “respectfully request that FERC convene a technical conference or workshop to address ‘seams’ issues and appropriate implementation of Function 8.” *Id.* at 4 and 7.

While the Western Joint Commenters agree with the Joint Movants that “...effective resolution of seams issues is critical” they do not believe a technical conference is needed. The Western Joint Commenters believe, however, that if FERC wishes to proceed, a separate technical conference focused on the Western Interconnection, rather than a national technical conference, would best advance interregional coordination in the West because system characteristics and practices in the West are in many respects unique. If the Commission would like to convene a separate technical conference for the West, the Western Joint Commenters would be pleased to act as co-hosts with the Commission for that conference. We would prefer to schedule a technical conference for summer 2001 to avoid conflicts with the Western Joint Commenters’ current efforts to complete their proposals to satisfy Order 2000.

Additional time would also enable western parties to identify and focus on those West-wide issues that could most benefit from a Commission technical conference.

The Western Joint Commenters support the Commission's vision of an integrated, seamless western market and acknowledge the need for progress on interregional coordination and effective resolution of seams issues as stated in the ELCON Motion. To meet this need, the Western Joint Commenters have been participating in the Western Market Interface Committee ("WMIC") Seams Task Force, a West-wide regional technical forum of electricity industry stakeholders which has been meeting monthly since December, 2000 to discuss and resolve seams issues between and among RTOs in the Western Interconnection. The Western Joint Commenters welcome the Commission's participation in meetings of WMIC as an opportunity to assess first-hand the seams activities currently underway.

In addition, the Western Joint Commenters, in connection with their work to establish Desert STAR and RTO West as Regional Transmission Organizations in the West, have been meeting directly to aggressively work toward the creation of an integrated, seamless western market (see attached Memorandum dated April 13, 2001). The Western Joint Commenters intend to closely coordinate their activities so that priorities and policy decisions can be addressed by the forming RTOs and their participating transmission owners and other stakeholders, while the technical coordination work can be accomplished through WMIC.

Through WMIC and their other communications, the Western Joint Commenters are committed to interregional coordination in such areas as (a) congestion management, (b) transmission scheduling, (c) ancillary services market mechanisms, (d) transmission outage scheduling mechanisms, (e) use of phase shifters, (f) development of compatible business practices, product definitions, and trading rules, (g) addressing issues related to liability, (h) bulk transmission planning processes, and (i) emergency response plans.

The Western Joint Commenters believe the quickest path to a seamless western market is through RTO-to-RTO integrating mechanisms and seams agreements.

We urge the Commission to support approaches tailored to recognize that interregional coordination issues follow the contours of the physical systems within each North American interconnected region.

Dated: April 27, 2001

Respectfully submitted,

BONNEVILLE POWER  
ADMINISTRATION

PUGET SOUND ENERGY, INC.

By /s/ Mark W. Maher  
Mark W. Maher  
Vice-President, Transmission System  
Transmission Business Line

By /s/ Kimberly Harris  
Kimberly Harris  
Assistant General Counsel

DESERT STAR, INC.

By /s/ Michael Raezer  
Michael Raezer  
Project Manager

IDAHO POWER COMPANY

By /s/ James M. Collingwood  
James M. Collingwood  
General Manager, Grid Operations  
and Planning

THE MONTANA POWER COMPANY

By /s/ Ted. D. Williams  
Ted D. Williams  
Director, Transmission Marketing

NEVADA POWER COMPANY and  
SIERRA PACIFIC POWER COMPANY

By /s/ Gary Porter  
Gary Porter  
Executive Director Transmission

PACIFICORP

By /s/ Donald N. Furman  
Donald N. Furman  
Vice-President, Transmission  
System

PORTLAND GENERAL ELECTRIC

By /s/ Stephen R. Hawke  
Stephen R. Hawke  
Vice President System Planning  
and Engineering

## **Attachment**

### **MEMORANDUM**

**DATE:** April 13, 2001

Desert STAR (DSTAR) and RTO West (RTOW) intend to pursue discussions of seams issues and envision memorializing the results of such discussions in a future agreement. This memorandum reflects the desire of the parties to fulfill the spirit and letter of FERC Order 2000 for Interregional Coordination by developing two independent RTOs whose products, processes and interfaces support a seamless energy and transmission market in the Western interconnection.

The parties intend to accomplish the following:

1. Investigate coordination of RTO startup/phasing plans;
2. Explore possibilities for coordinating purchases of hardware/software systems and services to achieve economies of scale;
3. Investigate options for the joint provision of control center backup;
4. Review the parties' approaches to creating RTOs and identify areas of consistency and inconsistency, including coordination of terminology and wording;
5. Jointly develop a letter to FERC outlining the parties' similar approaches in areas of common interest;
6. Jointly develop comments to FERC Orders, as appropriate;
7. Negotiate reciprocity arrangements. This includes (i) exploring the impact of a transaction-based "Through and Out Fee", and the possibility for its replacement with an annually-determined inter-RTO transfer payment and (ii) exploring the elimination of "Through and Out Fees" and "inter-RTO transfer payments" between the two entities;
8. Coordinate public communications as appropriate;
9. Engage the Board and the officers of the ISO in California to establish an interregional coordination plan;
10. Work jointly to set priorities for interregional coordination issues of a technical nature to be dealt with at the WMIC Seams Task Force and work within this framework to study alternatives and develop proposals for consideration by the RTOs in the Western interconnection; and
11. Meet regularly to coordinate plans and manage issues.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY THAT I have this day served the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding.

Dated at Portland, Oregon this 27<sup>th</sup> day of April, 2001.

/s/ Stephen R. Larson  
Stephen R. Larson  
Attorney  
Bonneville Power Administration