

SUMMARY OF RECOMMENDATIONS

Load Service Obligations and Network Service Contracts

Rules for Resource Portfolio

Recommendation (1):

1. Total resource quantity is limited to match load¹, and
2. Utility picks a single Feasible Dispatch (single set of PORs/PODs²) for each scenario (24 dispatches).³

Point to Point type Contracts (includes PTP, IR and FPT contracts)

Rules for Resource Portfolio

Recommendation (2):

1. FTRs are allocated to the contract holders yearly, based on the contract demand specified in the PTP contract, and
2. Utility picks a single Feasible Dispatch for each scenario (single set of PORs/PODs²) as defined by the terms and conditions of the contract.³

Recommendation (3):

Zonal injections and withdrawals will be allowed to utilize the full rights defined under the terms and condition of the contract.³

Review of Initial Assumptions for Feasible Dispatch

Recommendation (4):

It is recommended that a review of the initial Feasible Dispatch assumptions be allowed prior to RTO start-up in order to update assumptions regarding, current pre-existing contracts, load service obligations and congestion model configuration.

¹ This rule does not exclude or preclude the allocation of Firm transmission rights for Reserves, which may be done on another basis (to be determined)

² Single set of injections and withdrawals.

³ In situations in which the Pre-Existing Transmission Agreement or Load Service Obligation provides for rights in both directions on a Flowpath, a second set of dispatches may be employed to establish Firm Transmission Rights in the reverse direction.

Task Objectives

- Develop rules for feasible dispatch to determine conversion Preexisting Contracts and Load Service Obligations to Firm Transmission Rights (FTRs) so that all stakeholders can understand the initial allocation of FTRs and how it may change over time.
- Document all Work Products.

Work Products

- Definition of rules for identifying a Feasible Dispatch.
- Methodology to allocate FTRs to Preexisting Contracts and Load Service Obligations.
- A set of rules describing the circumstances under which and the process by which the initial allocation of FTRs may be revised prior to RTO start-up and subsequent to RTO startup for changes such as system topology, feasible dispatch assumptions and contract rights (etc.).
- Documentation of all Work Products
- Initial Allocation of FTRs to Preexisting Contracts and Load Service Obligations for inclusion in the Stage 2 filing to follow.[are we expected to allocate FTRs? Or just Rules?]

Background

Section 15.2 of the RTO West (RTOW) TOA described Term and Levels of Firm Rights as follows:

15.2.1 Load Service Obligations. Rights for Load Service Obligations and for Non-Converted Transmission Agreements providing for service to loads shall be determined based on Eligible Customer monthly non-coincidental peak and off-peak loads from 1998 - 2000. Each year during the Company Rate Period, prior to the annual auction by RTO West of Firm Transmission Rights, the Executing Transmission Owner shall submit load growth requirement projections for the following year for its Load Service Obligations and for its Non-Converted Transmission Agreements providing for load growth of third parties. RTO West shall then allocate without additional charge and as needed to meet the following year's reasonable growth projections (1) any unencumbered transmission capability of the Executing Transmission Owner's Transmission Facilities plus (2) any unencumbered transmission capability of the Transmission Facilities of each of the other Participating Transmission Owners, but only to the extent that Pre-Existing Transmission Agreements with each such applicable Participating Transmission Owner provided for service to meet such load growth. The treatment of load growth after the Company Rate Period shall be as set forth in the RTO West Tariff.

15.2.2 Conversion to Firm Transmission Rights Based on Feasible Dispatch. Firm Transmission Rights shall be based on two (2) feasible dispatches (on-peak and off-peak) for each month (for a total of twenty-four (24) dispatches per year) to the extent comparable to Pre-Existing Transmission Agreements. In situations in which the Pre-Existing Transmission Agreement or Load Service Obligation provides for rights in both directions on a Flowpath, a second set of dispatches may be employed to establish Firm Transmission Rights in the reverse direction (for a total of forty-eight (48) dispatches per year). All such dispatches shall be calculated and applied in a manner consistent with the underlying Pre-Existing Transmission Agreement or Load Service Obligation being converted.

Initial Allocation of Rights Process - General Principles

1. Translation of Rights for Stage 2 Filing using Initial Allocation of Rights Process
 2. The Filing is sent to FERC for approval
 3. FERC makes a ruling on the Stage 2 filing
- The allocation of FTRs described in this document are given to the transmission contract holder or entity with the Load Service Obligation. These FTRs are not required to be submitted into the RTO FTR auctions.
 - The allocation is done with the boundaries (seams) to adjacent transmission systems open forcing all the flows to occur within the RTO.
 - Contracts are individually converted to FTRs under rules as described below with Network (NT contracts) and Load Service Obligations treated (for this purpose only) on the same basis, and Point-to-Point (PTP) contracts treated separately.
 - There is an ongoing discussion on how load service obligations for dispersed load are to be treated. Some of the possible options are:
 1. Allocate FTRs based on an Aggregated basis
 2. Allocate FTRs based on a State basis
 3. Allocate FTRs on a customer basisOr a combination of the above alternatives
 - This methodology has been developed to implement the agreed position subscribed to by all Filing Utilities in their Stage I filing to FERC (dd ___), as described in attachment S (Transmission Operating Agreement, section 15 *et seq*) and in attachment M (RTOW Congestion Management Model) of the technical documentation filed in Stage 1.
 - The objective is to convert the various forms of pre-existing transmission contracts and obligations or network service rights held by Participating Transmission Owners (PTOs) and their Transmission Customers into Firm Transmission Rights (FTRs) on the flowpaths of the RTOW system.

Strawman Rules for Feasible Dispatch to determine Conversion of Pre-Existing Transmission Rights into FTRs

The TOA and the Congestion Management White Paper do not define a Feasible Dispatch. To ensure that each claimed allocation of rights follows a consistent procedure, requires some rules to be adopted.

In considering these rules, the subgroup took into account the similarity between load service obligations and Network Service contracts, and the different nature of Point-to-Point contracts (e.g., Network Service is only available for service to loads). As such, the subgroup recommends one set of rules for translating Network (NT contracts) and load service obligations (LSOs), and another set for Point-to-Point (PTP) contracts – although both sets of rules have some features in common

Load Service Obligations and Network Service Contracts

Definition of Non-Coincidental

Alternative (1):

The Eligible Customer's monthly "non-coincidental" peak load referred to in the TOA is defined as the non-coincidental peak load at the Eligible Customer's points of delivery (PODs), except to the extent that the Customer's load falls within multiple zones then the Rights providing for service to loads shall be determined based on sum of the Eligible Customers' monthly system load coincidental peak within each zone.

The following consideration must be accounted for:

- The ability to convert to RTO service and the ability to take an individual customer's converted rights to another SC dis-aggregate the contracts to a per customer transaction in the RTO environment. As such, this method could result in over-allocation of rights (diversity benefits that are accounted for now will not be obtained).

Alternative (2):

The definition of Eligible Customer monthly "non-coincidental" as described in the TOA is defined as the aggregate of the Eligible Customers' coincidental system peak load non-coincident with the transmission system peak.

Rules for Resource Portfolio

Recommendation (1):

1. Total resource quantity is limited to match load⁴, and
2. Utility picks a single feasible dispatch (single set of PORs/PODs⁵) for each scenario (24 dispatches).⁶

⁴ This rule does not exclude or preclude the allocation of Firm Transmission Rights for Reserves, which may be done on another basis (to be determined).

⁵ Single set of injections and withdrawals.

⁶ In situations in which the Pre-Existing Transmission Agreement or Load Service Obligation provides for rights in both directions on a Flowpath, a second set of dispatches may be employed to establish Firm Transmission Rights in the reverse direction.

Point to Point Type Contracts

(including PTP, IR and FPT contracts)

Rules for Resource Portfolio

Recommendation (2):

1. FTRs are allocated to the contract holders yearly, based on the contract demand specified in the PTP contract, and
2. Utility picks single a Feasible Dispatch for each scenario (single set of PORs/PODs⁷) as defined by the terms and conditions of the contract.⁸

Recommendation (3):

Zonal injections and withdrawals will be allowed to utilize the full rights defined under the terms and condition of the contract.

Review of initial assumptions for Feasible Dispatch

This section describes the process in which feasible dispatch assumptions made for the initial allocation process are reviewed. Load growth will require that additional generation must be identified to include in the feasible dispatch assumption in order to meet the incremental changes in load.

A review of initial feasible dispatch assumptions prior to RTO start-up will be required to capture the latest data regarding preexisting contracts, load service obligations and congestion model configuration.

This review process is separate and apart from the process that will determine reallocation of rights due to changes in the congestion model or changes in transmission system topology.

There is still an open issue as to when the initial set of feasible dispatch assumptions can be revisited after RTO start-up. There are still two alternatives under consideration as described below.

Recommendation (4):

A review of the initial Feasible Dispatch assumptions be allowed prior to RTO start-up in order to update assumptions regarding , current pre-existing contracts, load service obligations and congestion model configuration.

Recommendation (5):

One subsequent review of Feasible Dispatch assumptions be allowed 2 years after RTO start- up, when a better understanding is reached on RTOW's ability to meet pre-existing contracts and load service obligations.

⁷Single set of injections and withdrawals.

⁸ In situations in which the Pre-Existing Transmission Agreement or Load Service Obligation provides for rights in both directions on a Flowpath, a second set of dispatches may be employed to establish Firm Transmission Rights in the reverse direction.

Alternative Position to Recommendation 5:

An annual review of Feasible Dispatch assumptions be allowed.

- Could promote cherry picking of FTRs