

RTO West Stage 2
Planning and Expansion Content Group
August 31, 2001
8:00 – Noon

Agenda

8:00 – 8:10	Introductions/Review Agenda
8:10 – 8:20	Report on WGA Activities
8:20 – 8:30	Report on RRG Meeting Role of RTO re Expansion to Relieve Congestion Comments Assignments Timing
8:30 – 10:00	Transmission Adequacy Report from Small Group Finalize Definition How to Draw the Line Between Transmission Adequacy and Congestion Relief
10:00 – 10:10	Break
10:10 – 11:00	Backstop Specifics Facilities Covered by Backstop

- [How do we make sure that the “open season” works well, to resolve most problems without relying on the backstop? What can we learn from pipeline rate-making regarding “preliminary determinations”?](#) [What are the definitions of “success” and “failure” in the open-season process?](#)
- [Over what facilities does the RTO have the authority to compel?](#)
- [Over what types of market participants does the RTO have the authority to compel? Does the RTO have “more” authority over PTOs than others? If so, what kinds?](#)
- [What actions can the RTO compel?](#)
- [What kinds of changes to the RTO’s “market rules” might help solve problems in advance?](#)
- [What RTO planning criteria should support the backstop?](#)
- [Does the RTO have eminent domain authority, or the ability to exercise eminent domain authority through the PTOs?](#)
- [What conditions have to be met before actions can be compelled? Is there a retail rate condition \(e.g., retail rates must reflect all costs incurred by PTOs and the RTO, before the RTO can compel action\)? \(Think about this “conditions question” throughout the following as well. That is, there may be different conditions to be met throughout the sequence of activities that the RTO is involved in: conditions associated with planning, with taking bids for a new project, with allocating costs to market participants, etc.\)](#)
- [What kind of “complaint process” is necessary, in the event that actions appear inadequate to a market participant? What kinds of appeal rights are necessary throughout this entire process?](#)
- [What are the financial consequences of the RTO’s ability to compel?](#)

- Who bears the risks of the RTO taking on financial risks associated with attempting to compel? What happens if the RTO signs a contract that initiates construction, but then the cost allocation decision is reversed by FERC or a court?
- Does the RTO own facilities that it compels others to build?
- Does the RTO have the authority to sign contracts with entities who will build?
- How are the additional FTRs segregated from pre-existing rights?
- What happens if third parties are somehow affected by the RTO's authorities? (E.g., parallel paths may be affected by construction, either positively or negatively.)
- How do those compelled to build ensure that they will be paid if there are disputes over the RTO's proposed cost allocation? Will all appeals of RTO decisions (both compelling actions and allocating costs) need to be adjudicated before anyone will take the risk of building something?
- How do we avoid everyone just defaulting to the RTO's authority, thus undermining market-based solutions (a version of the free-rider problem)?
- Must a "used and useful" test be met before the new costs can be collected?
- Is there a minimum threshold that must be met before the RTO can get engaged in compelling actions (e.g., MW)?
- What is the "best example" of a failure of the market-based approach? Maybe the most likely example of a failure would be a project with lots of diffused beneficiaries, so the transaction costs overwhelm the ability of market participants to get the job done, or the free-rider problem is significant, or uncertainty overwhelms the process. How do we know that the market has in fact "failed"?
- What is the sequence of events in the backstop role, and the expected amount of time associated with each phase?

<i>11:00 – 11:45</i>	Allocation Review Stage 1 Materials Further Discussion of Arne Olson's Paper Applicable Standards (Can Objective Standards be Developed?) Process
<i>11:45 – 12:00</i>	9/7 Meeting (Agenda) Future PLCG Schedule Small Group Activity