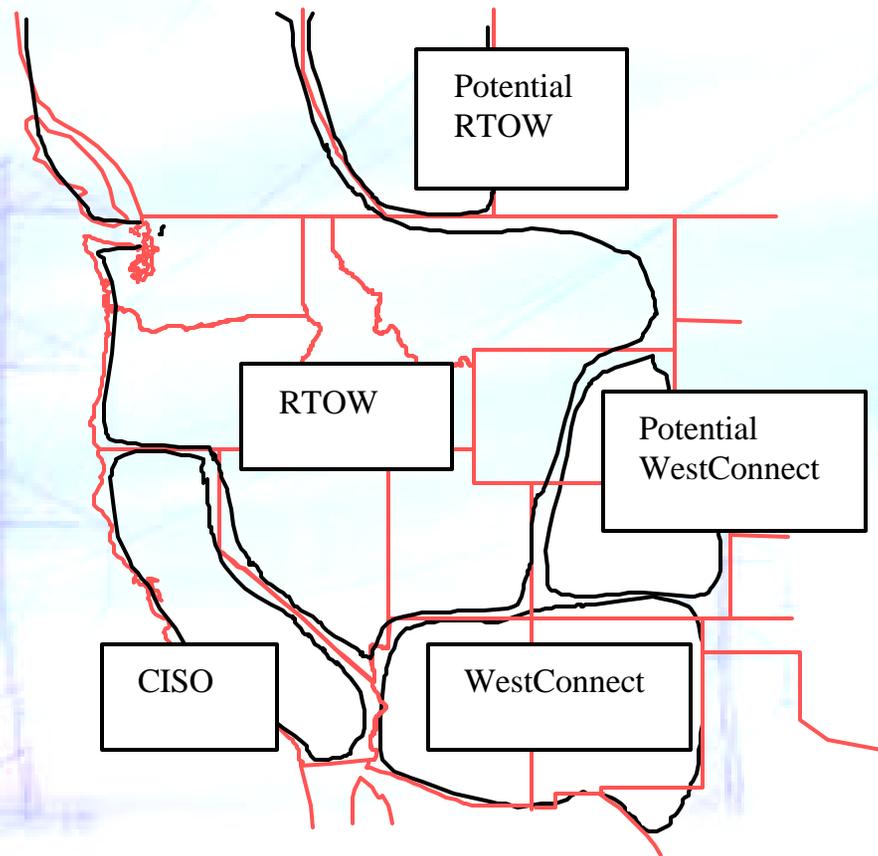

Congestion Management at the Seams

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SSG-WI CM Alignment Work Group
FERC Meeting on Western Operations
Denver, October 22, 2002

Western RTOs



Context: Three CM Approaches

- California ISO: LMP based, financial rights
 - Not require balanced schedules day ahead; integrated day ahead energy, transmission and AS markets; rights are obligations
- RTO West: Locational prices for congestion clearing and imbalance market, financial rights – bilateral emphasis
 - Requires balanced schedules day ahead, has no day ahead energy market, rights are options not obligations
- WestConnect: Physical rights – bilateral emphasis
 - Requires balanced schedules day ahead, has no day ahead energy market, rights are not financial
 - Physical rights on flow paths required to schedule, used for congestion clearing in day ahead

Process for Addressing Seams - 1

- WSCC/WECC RTO Seams Committee examined various seams issues over past two years as RTOs developed proposals
 - Export fee reciprocity (primarily data gathering)
 - Scheduling timelines
 - Market-based phase shifter operation (report done)
 - Outage coordination
 - Congestion management
- Looked at detailed west-wide example transactions across seams
- Identified core elements of seamless Western market
 - Highlight: same west-wide network model in a common congestion management framework

Process for Addressing Seams - 2

- Congestion management forum transferred to SSG-WI in August; effort on hold pending issuance of RTO orders in the west
- CMAWG will be working iteratively with the individual RTO CM groups, under SSGWI umbrella
 - Timing implications: Intense effort in individual RTOs has to be coordinated with seams effort among RTOs

Central CM Seams Issues

- Central problem: How to get single set of prices across West given different RTO congestion management approaches
 - Alternative description: How to get single set of feasible generator redispatches given different RTO processes
 - What lies behind CSIC's Common Market Interface
- Financial rights vs. physical rights
- Injection/withdrawal vs. path-based scheduling