



Ancillary Services

March 5, 2002



Summary of Comments

- More specifics needed (**PGP**)
- Concern regarding ability of RTO to contract for services on a one-year forward basis (**C-FACTS**) and impact on development of a competitive ancillary services market (**PGP**)
- Must address locational market power (**SMUD, PGP**)



Summary of Comments

- Concern regarding what happens if a competitive ancillary services market does not develop (**C-FACTS, PGP, SMUD**)
 - Providers should be required to offer sufficient AS at reasonable prices in event competitive ancillary services market does not develop
 - RTO should only buy at regulated rates if market power exists
- Wind resources should not be treated punitively (**RR, ATNI-EDC**)



Responses

- The Filing Utilities acknowledge the importance of providing further specifics regarding the ancillary service proposal and how it will be implemented; additional work is needed but will not be completed until after the filing



Responses

- For the most part, the Ancillary Services paper and Section 10 of the TOA have not been modified
- Wind generators will not be subject to punitive charges for imbalance energy if they made reasonable efforts to control the imbalance; this does not preclude the RTO from charging the generators for the costs it incurred in providing the service



Responses

Market Power Screens

- Locational market power exists independent from RTO West
- FERC has responsibility for resolving market power issues
- That said, before implementation, the ancillary services design will undergo validation testing and potential, specific issues of market power will be identified and, if appropriate, addressed
- Future, unanticipated issues with market power relating to design flaws will be addressed by the Market Monitoring Unit