



Congestion Management

March 5, 2002



Summary of Comments

Pre-Existing Rights and Obligations

- All provisions of existing contracts must be fully honored for their entire term, even if that term is longer than the Company Rate period; filing documents must clearly state that customers under non-converted contracts will not face congestion costs so long as the service is provided within catalogued rights
(Snohomish PUD, WPAG, NRU, PNGC)



Summary of Comments

Pre-Existing Rights and Obligations

- All existing transmission rights should be preserved in their entirety (without decreasing reliability of service to load), including rights arising from open access transmission service agreements and tariffs, Order 888 transmission contracts and transmission provider business practices (**PNGC, NRU**)



Summary of Comments

Pre-Existing Rights and Obligations

- Failure to require conversion of all existing contracts will result in insufficient liquidity; RTO West should encourage/incent full conversion of pre-existing rights (**C-FACTS; Dynegy**)



Summary of Comments

Pre-Existing Rights and Obligations

- Cataloguing
 - More definitive/consistent rules needed (**PNGC, NRU**); Strict construction of contracts (**C-FACTS**)
 - Need for meaningful participation by the customers in the cataloguing process, including access to dispute resolution (**PNGC, NRU, WPAG**)
 - PTOs must contractually commit not to alter catalogued rights via changes to tariff or business practices (**PNGC, NRU**)
 - BPA must contractually commit not to unilaterally alter catalogued rights by tariff change without the consent of the majority of the customers served with the catalogued rights (**WPAG**)



Summary of Comments

Pre-Existing Rights and Obligations

- Cataloguing (Cont'd.)
 - Cataloguing should include current redispatch practices
 - Environmental needs (current and future) should be catalogued (**ATNI-EDC**)
 - PNCA should not be catalogued as a pre-existing agreement (**WPAG**)
 - Results of cataloguing process should be disclosed in detail to allow market participants to audit outcomes and regulators to address any resulting claims of undue preference/discrimination (**PGP**)
 - CTRs should be tradable (**Snohomish**)



Summary of Comments

Pre-Existing Rights and Obligations

- Conversion
 - Existing transmission service contracts should be converted to standard RTO transmission rights through a phased shift from allocation to auction over a 2 to 3 year period (**Dynegy**)
 - Partial conversion should be allowed (**Snohomish**)
 - Cannot support partial conversion (**Alberta**)
 - Conversion of demand-based contracts should be based on contract demand, not single feasible dispatch (**Snohomish**)



Summary of Comments

Details of Model

- More specifics are needed regarding granularity, especially how granularity choices will affect different types of resources (for example, wind generation) (**RR, PNGC, NRU**)
 - Some opposition to bus to bus
- Modifications should be made to avoid “phantom congestion” (**Dynegy, C-FACTS**)
- Need further definition and implementation of products that allow transmission customers to have a choice of useful congestion hedging products to match up with firm service (could be developed by RTO West with stakeholder input) (**Dynegy**)



Summary of Comments

Market Power

- Clear, effective, up-front market power screens must be developed prior to RTO start-up, as well as mechanisms to define the RTO's options to provide balancing energy and the like where a competitive market does not exist for needed inputs (**Snohomish County PUD; PGP**)



Responses

Pre-Existing Rights and Obligations

- The congestion management model offers a choice to existing transmission customers
 - Stay with your PTO (and the old world); or
 - Step out from your PTO and enter the new world of RTO West
 - While a customer has some options about how to enter the new world, it is essentially a one-way trip



Responses

Cataloguing

- The congestion management approach honors pre-existing rights and obligations
- Existing obligations will be described fully in cataloguing process
 - Includes specific provisions regarding PTO obligation to provide redispatch
 - Business practices may be described but it should be noted that they will be subject to change to the extent permitted in the PTO's tariff
 - PNCA will be catalogued as a pre-existing agreement as provided in the February 6 draft



Responses

Cataloguing

- PTOs will have options regarding the composition of its Congestion Management Assets
 - A PTO will not be allowed to claim the ability to limit a customer's rights pursuant to a contract as an asset unless the PTO also identifies the limitation in its catalogue description of transmission obligations



Responses

Cataloguing

- Filing Utilities are still considering if and how customers should be involved in cataloguing rights with the RTO; none of the Filing Utilities have yet received management buy-off but the following approach is being considered:
 - TOA does not provide for PTOs to involve customers in RTO West cataloguing process if they will continue to take service under existing contracts as if RTO West did not exist (does not preclude PTO from involving customers in its own separate process); any future service issues will be governed by the existing contract



Responses

Cataloguing

- Customer participation (Cont'd.)
 - Customers who continue to take service under existing contracts but establish a direct scheduling relationship with the RTO will have a right to review and dispute the cataloguing of their rights (but not a PTO's congestion management assets)
 - Dispute resolution will be available to determine whether the catalogue actually captures the contract, not to resolve issues over the original terms of the contract (this is not intended to provide another remedy to the original contract parties)



Responses

Cataloguing

- PTO contractual commitment not to unilaterally alter Catalogued Transmission Rights
 - No global decision reached
 - If a customer chooses to schedule with the RTO and participates in cataloguing, the customer, the PTO, and the RTO will enter into a suspension agreement that confirms the customer's catalogued rights and binds the RTO to provide the service as contemplated in the original contract; the agreement cannot be unilaterally altered by the PTO



Responses

Conversion

- Transmission customers will be encouraged, but not required, to convert to RTO West service
- Partial conversion will not be allowed and rights cannot be reconverted
- Contracts will be converted as provided in the February 6th Congestion Management Paper



Responses

Details of Model

- The Filing Utilities acknowledge the importance of providing further specifics regarding the congestion management model and its implementation; additional work is needed but will not be completed until after the filing



Responses

Market Power Screens

- Locational market power exists independent from RTO West
- FERC has responsibility to resolve market power issues
- That said, before implementation, the congestion management model 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