

PGP Questions and Comments on the November 17 RRG Draft

Proposed Changes

1. The following should be considered as additional items on “the list of big issues”, because they raise significant questions about the costs and risks of the IE, as well as the IE’s ability to interfere with bilateral transactions:
 - authorization for the IE to take positions in spot or forward energy or capacity markets, whether on behalf of a third party or on the IE’s own account
 - authorization for the IE to sell services on a bilateral basis, except through a separate corporation or subsidiary that completely shields those not purchasing such services from the costs and risks of such sales
 - authorization for the IE to change conditions on the self-supply of ancillary services
2. If a proposal from the Board on the “list of big issues” is remanded and fails to achieve the required supermajority at the Board, the Board should be required to wait for two years before making another proposal to the TSC on such an issue.

Questions

1. Is it possible to perform a cost-benefit analysis on the beginning state?
2. What event defines the “start of operations” of the beginning state? Does this event “start the clock” on all activities that have windows during which action or deliberation must occur, or are there different windows?
3. Will TO-to-TO (Transmission Owner) transmission contracts be suspended and replaced with transfer payments, as in the RTO West Stage 2 pricing proposal? If so, the flow of funds through the IE will be much more substantial than might appear from the November 17 draft. In any event, the Stage 2 pricing model needs to be revisited, to make sure that it works in conjunction with the November 17 draft regarding new short-term transmission service. Specifically, the new short-term transmission service may change the flow of funds through the IE and to the individual transmission owners.
4. Does ADR apply to BPA’s contracts with the IE? Does ADR apply equally to BPA and the IE? If a transmission customer of BPA is affected by an order that the IE gives BPA, and with which BPA complies, does that customer have ADR rights regarding either the IE’s order or BPA’s compliance with such an order?
5. Assuming that the market monitor can impose a “must-offer” obligation on generators to mitigate market power, is such a requirement compatible with BPA’s statutory authorities? Can a U.S. corporation impose a must-offer requirement on a Canadian entity?
6. Will the IE calculate ATC on a system-wide basis in the beginning state, for both long-term and short-term requests? If so, how does this work with the Company Rate concept from Stage 2?
7. What criteria will identify a transmission project as eligible for the IE’s initial authorities, due to its designation as a reliability or TTC project?
8. Will the IE perform economic dispatch in the beginning state: give orders to generators and loads? Or will the IE be a “matchmaker” in the beginning state: bringing together willing buyers and sellers who then strike bilateral deals?

9. Can some additional detail and clarity be brought to the predicates for action on Issue 3: conversion to financial transmission rights?
10. What aspects of LMP are excluded from and included in Issue 3?
11. Can the condition associated with Issue 1 in row 11.3 be clarified? Who decides that “congestion management with transparent pricing” is in place? How will we know when this condition has been met?
12. Is the condition for Issue 1 the same as the second predicate for Issue 3? If not, how are they different?
13. Will all current transmission contract holders retain their existing scheduling flexibility in the beginning state (Step 1 of row 1.6)?
14. What are the expected roles of the state regulatory commissions? What parts of this proposal will require state regulatory approval?
15. Can “approve an issue” in 11.1 be clarified (e.g., “take any action to implement any of the following changes”, or something to that effect)?