

Response of the Affiliated Tribes of Northwest Indians EDC to Filing Utilities' Proposal and to Discussion of the RRG on June 25, 2003

Thank you for the opportunity to respond to the discussion regarding RTO West held at the last meeting of the Regional Representatives Group. We believe that good work has been accomplished by the groups so far and many ideas and concepts have been fleshed out. After a fresh consideration of the progress of RTO formation, we would like to initiate a discussion regarding some changes in direction which may help us more effectively manage the regional transmission system. Please consider our comments below. They are organized as requested by the meeting summary for the June 25, 2003 meeting.

High-level statement of region's most pressing transmission problems/Detailed list of technical and structural challenges

Some of the major transmission problems to be solved include:

Over-arching issues:

1. What cost/benefit and risk analyses should be done and whose costs and risks are they?
2. What dispute resolution provisions are needed to keep the system fair?
3. How are federal obligations and rights protected?

Planning Issues

1. How can renewable resources more easily interconnect with and utilize the transmission grid?
2. How should non-transmission alternatives be considered during the planning stages?
3. How should new system costs be allocated?
4. What is the appropriate approval process for proposed new facilities?
5. What is a better process for planned generation to study and access the grid?

Operational Issues

1. What is one or more appropriate congestion management schemes?
2. How should existing rights be quantified and transferred or accounted?
3. What is the best way to sell or trade transmission rights?
4. How should multi-state transmission rates and pricing systems be created?
5. How can a lack of consistent open book information on transmission operation matters and marketplace issues be mitigated?

Comments on the Draft Vision

The proposed Vision is as follows: “Unify transmission management to maintain reliability, improve efficient use of the transmission system, and provide the region’s customers with access to diverse, widespread wholesale energy alternatives.” It begins with a mention of “transmission management” as the role for RTO West. It has become apparent over the course of our efforts here, that this term encompasses a variety of roles, not all of which may be best accomplished by the same entities. The different roles seem to be 1) operating the existing system, 2) planning and creating a better electricity delivery system, and 3) market monitoring.

It has been assumed that the “end state” for accomplishing all these roles should be RTO West as already formed. We would like the roles divided and considered separately for a more reasonable assessment of the region’s transmission related problems and a decision on who should solve them.

- **Operations:** While it seems apparent that the operational role will be best handled by an independent grid operator, the question of the appropriate independent grid operator is still a policy question to be considered.
- **Planning:** No matter who is chosen to operate the grid, a different set of people are likely to be needed for regional planning. Holistic planning will include consideration of a variety of ways to improve electricity delivery, including many technologies that impact the distribution system, not just the high-voltage system. The implications of *not building* transmission bring new technology experts and distribution, metering, and other technical experts to the table. The environmental implications of siting and building new transmission facilities bring state regulators and tribal governments to the table. Systems planners from the various owning utilities will continue to be involved since their facilities and real property rights are impacted. Interregional planning brings in other RTOs or ISOs and groups such as Western Governors, etc. To place this set of “planning” tasks under a grid operator seems to establish huge institutional barriers to appropriate planning. Shouldn’t the whole planning effort be created outside of RTO West? The people needed for planning are generally already employed by the industry but where they are not, they should be identified and supported. Could a formal planning group be created and tasked with priorities for improving the system? Why should effective regional planning wait until an RTO with all its technical issues is ready to go? Couldn’t this approach also keep down the cost of an RTO? An independent grid operator that is devoted to operations only can be lean and focused.
- **Monitoring:** It already seems that market monitoring may be combined with the rest of the western region. This only makes sense since it is one big market.

How work on transmission issues should be prioritized and coordinated with other groups

It is our opinion that because the transmission system policies, operations and planning impact such broad publics (all electricity consumers, energy costs, the environment, and use of resources) their management should not be conducted for parochial interests. The actions of the operators, planners, and policy makers should be governed by principles of public interest, such as the promotion of cost reduction over the long term, environmental stewardship, and reliable, accessible and reasonably profitable provision of electricity. A public interest purpose would unify the planning group and independent grid operator with regulators and government, and would level the playing field for competing electric related companies.

We also believe that separating the planning role from the operations role will simplify coordination. The compiled list of issues should be broken down into operation, planning, and overarching policy issues. The RRG (or whatever group is created) should be tasked first with the overarching policy issues, then separately should work on planning and operations issues, with a view that an independent grid operator should handle operational matters, and a broader based planning committee handle planning matters.

Type of effort needed to develop regionally supported solutions

We believe it is necessary to continue some kind of policy committee similar to the RRG. We also prefer the consensus approach, but with variations. Consensus should not be so strict as to allow a small faction to stop the group. However, some veto power by a large enough faction should be permitted. Voting seems a necessary way to poll the group and to determine where further discussion is needed and to determine whether enough approval has been found to carry an issue.

The policy committee should divide the issues as described above, then prioritize them and begin the process of hearing and deciding on issues.

Thank you for the opportunity to present our thoughts and comments here.