

RTO West—Initial Features

Draft 3

NOTE: This document is an attempt to try and arrive at the minimum features an acceptable RTO needs to have on day one, and what can be deferred until a later date as the RTO becomes up and running. Key attributes listed below are largely drawn from earlier discussions of the RRG. It is a straw proposal to stage implementation of an RTO in order to gain regional consensus. It is an attempt to achieve broad agreement among a number of parties in the RTO West process. It is an evolving document.

1. Independence from market influence in a number of key areas.
 - a. Access, transmission service requests and generator interconnection
 - b. Security coordination and reliable operations of the grid
 - c. The collection and use of key operational information from all grid users
 - d. The determination of both total and available system capacity and the ability to assure this capacity will be available for scheduling and actual grid operations
 - e. Planning and system expansion, including the ability to look at non-transmission alternatives
 - f. Market monitoring and policing of market manipulation
(These are attributes of independence, not all of which may be accomplished on Day One.)

2. Key features of an independent entity
 - a. It must be accountable to the region for its decisions
 - b. It must make unbiased decisions, not unduly influenced by economic or market interest
 - c. It must have the authority to proceed in its development, but may have to satisfy required tests for major steps
 - d. It must be open to all grid users
 - e. It must be transparent
 - f. It must have integrity that all grid users can trust

3. Day-one features
 - a. Obtain regulatory approval
 - b. Seating of an independent board
 - c. Preservation of existing transmission rights
 - d. Voluntary consolidation of control areas; each consolidating control area provides congestion management assets to support existing rights¹

¹ It is expected that at least four control areas (BPA, Idaho, Pac and British Columbia) would want to consolidate early as possible.

- i. Management of congestion adapted as necessary for consolidated control area
- ii. Accepts IOS offers
- iii. Assumes responsibility for executing appropriate redispatch to accommodate pre-existing scheduling rights in the consolidated area
- iv. Within consolidated control area, the Independent Operator would be the provider of last resort for ancillary services
- v. Throughout service area (not just the consolidated control area) provide a voluntary bid-based ancillary services market (bulletin board), especially for imbalance energy
- e. A single OASIS for all transmission users throughout the service area (not just the consolidated control area)
- f. Minimize transactional pancaking
- g. A single “big picture” look at system capacity and utilization for both operations and planning and expansion²
- h. Pre-existing rights are catalogued.
- i. A single security function that gathers information from all system users, has the ability to make operational decisions independent of market participants and has a “big picture” view of the system and the ability to operate it accordingly
- j. A single process for transmission service requests
- k. A single process for generator interconnection
- l. Within the consolidated control area, a single tariff for recovery of fixed system costs, which eliminates rate pancaking without causing significant cost-shifting
- m. A planning and expansion process that recognizes transmission problems, looks at all solutions, and has a way of financing and constructing needed system improvements (at least for the consolidated control areas)
- n. A proactive market monitoring function

4. Features to be implemented in later stages:

- a. Continue voluntary control area consolidation, with intent of eventual single control area

Implement the financial rights model for congestion management

- b. Full development on the ancillary services markets
- c. Revised Seams agreements between the other RTOs and subregions in the West
- d. Certain objective tests may be established for the RTO to satisfy before proceeding to subsequent stages such as installation of necessary software/hardware; interface testing for market participants and control areas, systems training completed, testing of systems completed; shadow operations successfully operated.

² The thought was to see if Items g through l could be offered for service on the consolidated control area and other unconsolidated control areas, but it is not clear whether this could be accomplished.