

**DRAFT
APPENDIX 2
RRG OPTION 3
ONE POSSIBLE STAGED IMPLEMENTATION APPROACH (09/17/03)**

	6 Months	1 Year	1 ½ Years	2 Years	2 ½ Years	3 Years	3 ½ Years	4 Years
Overall	<p>Complete Proposal Development (including retooling)</p> <p>File for Regulatory Approvals - State, Federal or Local, as Applicable (including cost recovery methodology)</p> <p>BPA ROD Process Commences</p>	Complete Cost/Benefit Work	<p>RTO Takes Over Its Business, Financial and Operational Planning</p> <p>Regulatory Approvals Completed (including cost recovery methodology) and BPA ROD Issued</p>	RTO Prepares for Implementation of Transmission Service	RTO assumes Operational Control of some the PTO Transmission Facilities			RTO assumes Operational Control of All Transmission Facilities (including operational authority needed to operate markets)
Governance	Complete TOA	PTOs Seek Financing for RTO Contingent on Regulatory Approval	<p>Seat Board ASAP after Regulatory Approvals</p> <p>Implement Independent Governance Procedure (including RTO Stakeholder Process)</p> <p>Execute TOAs</p>	Initial RTO Staffing Complete	Independent Administration of Consolidated Control Areas and Transmission Services Begin			Independent RTO Fully Implemented

	6 Months	1 Year	1 ½ Years	2 Years	2 ½ Years	3 Years	3 ½ Years	4 Years
<p>Access: Tariff Administration/ Wheeling Service Provision/ Interconnection Service/Pricing & Losses</p> <p>(see below for Ancillary Services)</p>	<p>Complete Tariff Draft and Scheduling Coordinator Agreement</p> <p>Finish Cataloging Rules</p>	<p>Complete Other Related Agreements (GIA/PAA)</p> <p>Complete Cataloging of Pre -Existing Contracts</p>	<p>Prepare for Tariff Implementation</p> <p>Begin Voluntary Contract Conversion for Contracts with PTOs Consolidating Control Areas at 2 ½ Years</p>		<p>Implement Single OASIS and Tariff for Consolidated Control Areas</p> <p>For Control Areas that Are Consolidated, Transmission Pricing for PTOs and Their Company Loads Shifts to Company Rates with Transfer Payments Settled and Pancaking Eliminated</p> <p>RTO Collects Its Costs Through the Grid Management Charge (GMC)</p>	<p>Continue Voluntary Contract Conversion</p>		<p>RTO West Stage 2 Transmission Use Service and NonConverted Service Offered by the RTO</p> <p>RTO Designs and Handles Loss Billing</p> <ul style="list-style-type: none"> o Sufficient metering is installed to determine losses for generation and load. <p>RTO Stage 2 pricing proposal implemented for all services.</p>
<p>Grid Control – Operational Authority</p>	<p>Continue Work and Market Design</p>	<p>Complete Market Design</p> <p>Complete Common Systems Interface Plan</p> <p>Complete Specs for Control Center Requests</p>	<p>Acquire Infrastructure Systems for Consolidated Control Area</p> <p>Develop Protocols for Control Area (Including Tagging) Consolidation Testing and Validation</p>		<p>Begin Consolidation of Control Area Operations (Switching Monitoring of Loop Flow, Reserve Sharing, Balancing, etc.)</p> <p>RTO Control Center Established (functions limited to control area functions and structured as umbrella center directing actions by PTOs)</p> <p>RTO Performs Maintenance Coordination</p>		<p>Complete Consolidation of Control Areas</p>	

	6 Months	1 Year	1 ½ Years	2 Years	2 ½ Years	3 Years	3 ½ Years	4 Years
Congestion Management	Complete Analysis of Congested Paths Within RTO Region (continuing activity)	Develop Facilitated Bilateral Market for Congestion Management (Electronic Bulletin Board)	Complete Specs for Market Infrastructure	RTO Takes Over Electronic Bulletin Board for Congestion Management	Implement Modified-Accept All Schedules Limited by RTO Ability to Obtain Redispatch Acquire Market Infrastructure	Conduct Testing and Validation of Market Infrastructure	Complete Testing and Validation of Market Infrastructure	Implement Balancing Energy/Congestion Management Market Operations RTO accepts all schedules to physical capability of the system under its flow based model RTO will auction out FTOs in various transmission paths RTO will announce its prediction of congested paths looking forward (starting for next hours, next day, next week and longer) and will accept bids to inc. or dec. to manage congested path
Ancillary Services		Develop Facilitated Bilateral Market for Ancillary Services (Electronic Bulletin Board)	Complete Specs for Market Infrastructure	RTO Takes Over Electronic Bulletin Board for Ancillary Services	RTO Not Provider of Last Resort (PTOs Self Provide Ancillary Services) Acquire Market Infrastructure	Conduct Testing and Validation of Market Infrastructure	Complete Testing and Validation of Market Infrastructure	Implement Ancillary Services Market Operations

	6 Months	1 Year	1 ½ Years	2 Years	2 ½ Years	3 Years	3 ½ Years	4 Years
Planning	Continue to Participate in Sub-Regional Planning Process Develop Transition Plan for Transferring Regional Expansion Planning to RTO		Transition of Expansion Planning to RTO	RTO Performs Expansion Planning (including backstop authority)				RTO Performs Expansion Planning (Locational Pricing Information Available to Inform Process) RTO Will Be Able to Provide Adequate Price Signals for Generation and Transmission Investments
Market Monitoring and Market Mitigation	Continue Development of Market Monitoring and Market Mitigation Program				Begin RTO (or West-wide) Market Monitoring (monitors RTO tariff) Market Mitigation As Appropriate			Full Market Monitoring of RTO and Markets Contractually Agreed to Market Mitigation for All RTO Markets
Interregional Coordination	Continue Efforts to Minimize Seams Through SSG-WI Continue to Participate in SSG-WI Planning Process	SSG-WI Annual Expansion Plan		SSG-WI Annual Expansion Plan	Contract with PNSC for Security Coordination for Consolidated Control Areas	SSG-WI Annual Expansion Plan		Eliminate Seams within Western Interconnection SSG-WI Annual Expansion Plan