



Report to RRG

Transmission Services Liaison Group

May 5, 2004



2004 Work Plan

- Divided TSLG's scope of activity into five work modules.
 - Module 1 – Transmission Service.
 - *Define high level service and tariff structure.*
 - Module 2 – Rights Administration:
 - *Develop processes for acquisition, trading and reconfiguration of Injection-Withdrawal Rights (protection from congestion cost)*
 - Module 3 – Scheduling, Operations and Settlement:
 - *Develop scheduling protocols for day-ahead pre-schedule.*
 - *Describe operations of redispatch market.*
 - *Describe process for moving from day-ahead thru real-time operations.*
 - Module 4 – Ancillary Services.
 - *Describe ancillary services for voluntary control area consolidation and provisions for non-consolidated control areas.*
 - Module 5 – Specifications and a cost estimate for Beginning State Implementation.
- Request for Qualifications (RFQ) issued to acquire services for technical support of work in Modules 2-5.



Progress Report on RFQ

- March 12 – RFQ issued with Scope of Activity.
- April 2 – Twenty-one parties responded.
- April 8 – Seven candidates/firms selected for interviews.
- April 20-23 – Candidate firms interviewed, a selection made, and a recommendation for funding sent to Filers.
- April 26-30 – Filers considered funding recommendation and reference checks conducted for selected firm.
- May 5 – Notice to selected firm and contract negotiation begins.
- May 26-27 – Targeted date for first meeting with TSLG.



Module 1 Report

- General Content:
 - Service Structure:
 - *Interconnection and Access.*
 - *Rights Administration.*
 - *Operations and Scheduling.*
 - Tariff Structure:
 - *What is sold by transmission owners.*
 - *What is sold by Grid West.*
 - Examples.
- Plan to post report on ~~May 8, 2004~~ May 14, 2004



Service Structure

- Basic Objectives:
 - Preserve elements of status quo, that is honor pre-existing arrangements.
 - Going forward, provide region-wide services on a non-pancaked basis using full system flow-based evaluation of injections and withdrawals.
- Today's service has two components.
 - Network Access – The ability to use a transmission owner's network separate from protection from congestion protection. This provides access, recovery of fixed costs and the flexibility to use alternate points of receipt and delivery in the absence of congestion.
 - Injection-Withdrawal Rights – The ability to inject energy at points of receipt and withdraw energy at points of delivery without congestion impacts.
- Proposing to make this two service approach explicit:
 - Access is based on paying for fixed charges of the “host” system where physical interconnection is made – the System Access Requirement.
 - Region-wide services are available to those who have met the access requirement – Regional Network Service.



System Access Requirement

- Parties meeting the System Access Requirement are eligible to take Regional Network Service.
- The System Access Requirement is met by:
 - Loads paying their share of host system fixed costs through pre-existing arrangements or payment of a Company Rate.
 - Generators satisfying interconnection and integration requirements, either pre-existing or post-Grid West operation.
 - Marketers paying export fee for “load” at an exit point, that may be satisfied either under pre-existing agreements with a POD at the exit point or a Grid West system access fee.



Regional Network Service

- Grid West offers transmission capacity on a flow basis as Regional Network Service (RNS) that provides region-wide access as an option to transmission customers.
- Under RNS protection from congestion is separate from access to the Regional System.
- Pre-existing injection-withdrawal rights continue to provide congestion protection.
- Rights administration function offers a suite of services for managing transmission service customers congestion exposure:
 - Redispatch Service – the day-ahead inc-dec market.
 - Reconfiguration Service – to obtain Injection-Withdrawal Rights prior to day ahead from capacity in the existing system available as a result of:
 - *Offers to sell by right holders or*
 - *Existing uncommitted capacity.*
 - Capacity Expansion Service – to obtain Injection-Withdrawal Rights created by new capacity construction and upgrades.



Scheduling, Planning and Operation Services

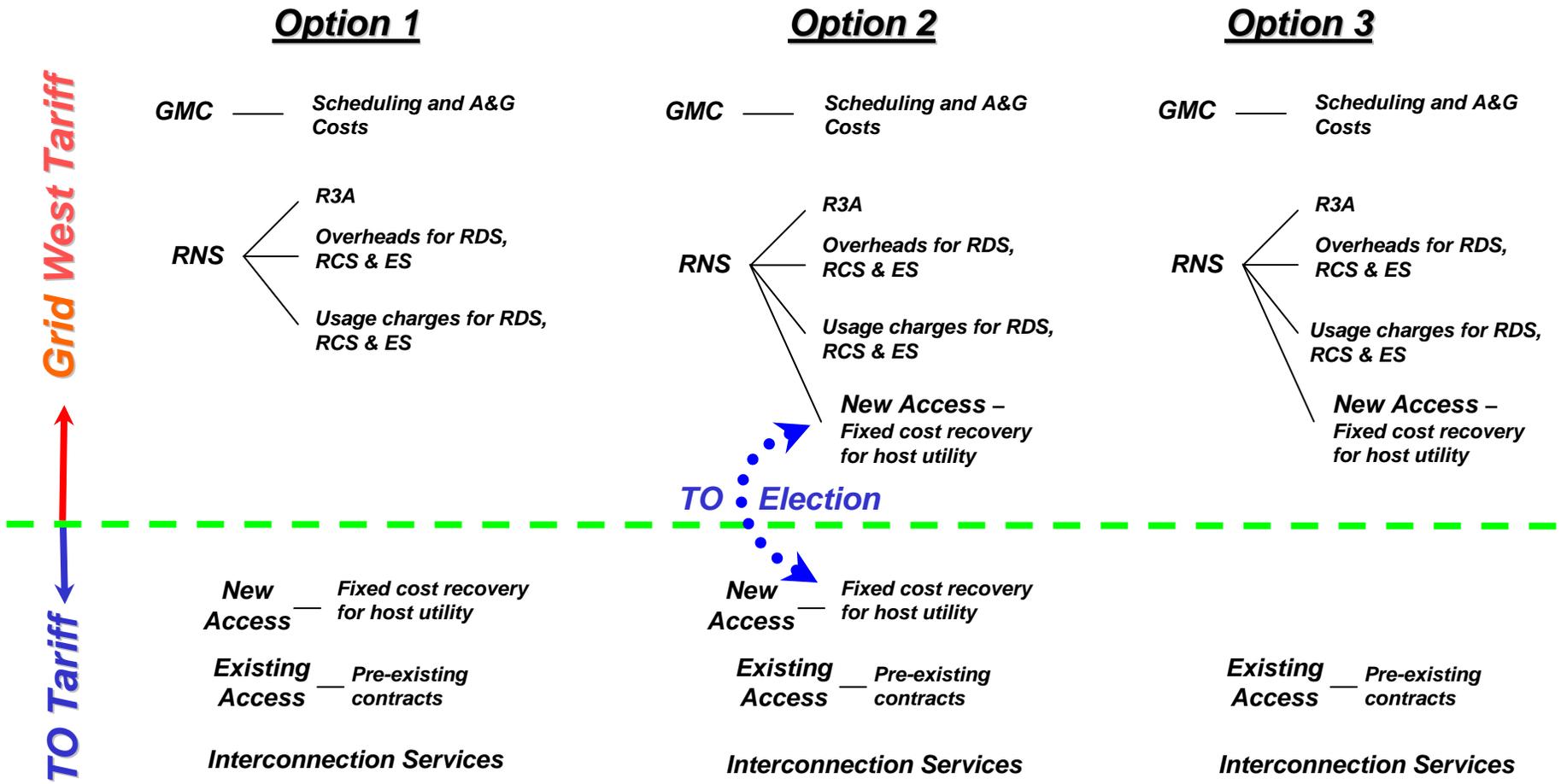
- Scheduling Services:
 - Region-wide scheduling processes with a single OASIS.
 - A full system view of system reliability, under a defined relationship between Grid West and PNSC.
- Operation Services – for voluntary control area consolidation.
 - Operate needed Ancillary Service markets.
 - Paid for by consolidating control areas and users of its markets.
- Planning Services – based on RTO West Stage 2 approach.



Tariff Structure Options

- Foundational concepts:
 - Grid West makes for capacity determinations on the Regional System – no dueling ATC determinations or competing service practices.
 - Pre-existing access arrangements will continue and will qualify parties to take RNS from Grid West.
- Three tariff structure options were developed.
 - Common features of all options:
 - *Grid West Tariff provides RNS (Injection-Withdrawal Rights), collects RNS charges and GMC (scheduling charges for all transactions).*
 - *TO Tariff is partial and includes load and generation interconnection/integration and pre-existing agreements and obligations.*
 - Options differ in the responsibility for setting Company Rates and determining when the System Access Requirement is met.

Tariff Structure Options



Legend:

TO = Transmission Owner	RDS = Redispatch Service (day-ahead)
GMC = Grid Management Charge	RCS = Reconfiguration Service
RNS = Regional Network Service	ES = Expansion Service
R3A = Regional Revenue Requirement Adjustment	
(to cover loss of non-firm, short-term or other revenues due to adoption of new service structure)	



Option 2 Recommended

- Proceed using Option 2 for further work on the tariff structure and subject to proof of workability as details are developed.
- Transmission owner may elect to:
 - Retain rate setting and RNS eligibility responsibility or
 - Have RNS eligibility and responsibility for setting of Company Rate in Grid West tariff (transmission owner revenue requirement would be filed by the owner at FERC as in RTO West Stage 2).
- Development of Option 2 will include:
 - Defining the division of duties between Grid West and transmission owner.
 - Defining who makes decisions, who reviews and the process for such reviews.