

Risk Reward Study Group
Meeting #10 – Facilitator’s Notes
♣ March 17, 2005 ♣

Notice

These facilitator’s meeting notes have been prepared for the personal use of the participants in the Risk Reward Study Group (Rn’R Group). These notes do not necessarily represent the position of any individual participant or the position of the group as a whole. Because different views and positions may be developed in subsequent discussions, these notes are provided solely for informational purposes and to communicate the general nature of the discussion.

Attendance

Member	On Site	By Phone	Absent
Ray Bliven (DSIs)	X		
Stefan Brown (OPUC)			X
Dick Byers (WUTC)			X
Kurt Conger (Grid West Coordinating Team)	X		
Pete Craven (PacifiCorp)			X
Tom DeBoer (PSE)			X
Chris Elliott (Grid West Coordinating Team)			X
Tom Foley (Renewable Resources Community)	X		
Jim Hicks (PacifiCorp)			X
Dave Hoff (PSE)			X
Bob Kahn (NIPPC)		X	
Bud Krogh (Grid West Coordinating Team)			X
Larry Nordell (MT)			X
Mike McMahon (Snohomish PUD)		X	
Terry Morlan (NWPC)		X (afternoon)	
Kevin O’Meara (PPC)			X
Carol Opatrny (BCTC) - <i>Co-Lead</i>	X		
Lon Peters (PGP)			X
Ken Petersen (Idaho Power Company)			X
Janelle Schmidt (BPA) - <i>Co-Lead</i>	X		
Marilynn Semro (SCL)			X
Vito Stagliano (Calpine)			X
Lou Ann Westerfield (IPUC)		X	
Linc Wolverton (ICNU)	X (morning)		

Guests/Replacements:

Rich Bayless (PacifiCorp) - Afternoon
Kurt Granat (PacifiCorp)
Dean Perry - Afternoon

Handouts:

Proposed Analysis Matrices
Path Loading Diagram from Dean Perry (Appendix A, Page 12 from SSGWI Report)

Topics of Discussion

1. Review Agenda

2. Tasks & Management Tool

Kurt Conger noted that the group has two or more lists of issues to be addressed by white papers, and that we need to gain clarity on responsibilities and timelines.

The group had initially planned on:

- A) completing white papers by the end of March,
- B) reviewing/debating papers during the months of April and May
- C) Integrating Consolidated Control Area analysis in late May and Early June.
- D) Preparing a final report by June 22nd.

It was recognized that we have already begun debating draft white papers, but that we should still keep to a deadline for a first draft of all the papers. We agreed that *first drafts should be completed by April 8.*

Janelle asked whether the Consolidated Control Area should stick to the same schedule. It was agreed that the CCA would deliver oral reports of progress at the RnR meetings and deliver its detailed analysis by mid-May (May 23, at the latest).

Kurt reviewed the list of subjects that would be covered by RnR white papers. A discussion ensued of pieces that were still missing – particularly those associated with the downside risks of Grid West.

The final list of topics derived from the group is as follows. It is possible that subjects may be combined as analysis proceeds and some topics will be treated separately as “risks”:

- 1 Regulation reserves
- 2 Operating reserves
- 3 Unused transmission capacity not made available, including problems in long-term transmission queue
- 4 New transmission construction, including problems in long-term queue
- 5 New generation resource construction and location
- 6 "Pancaked" rates. Charges and Administrative
- 7 Maintenance outage coordination: transmission and generation
- 8 Market monitoring
- 9 Reliability
- 10 Independence from market participants
- 11 Service to outlying areas
- 12 Market Innovation
- 13 Energy Balancing
- 14 Planning and Expansion
- 15 Congestion Management: curtailment, redispatch
- 16 Market Liquidity
- 17 Unaccounted for Energy (UFE)
- 18 Cost Overruns
- 19 Transmission-centric Planning
- 20 FERC Involvement (oversight or lack thereof)
- 21 Grid West as unilateral, unaccountable
- 22 Cost Shifts
- 23 Real Power Losses
- 24 Short-term Timeframes (lack of LT rights)
- 25 Conservatism in Operation (reliance on security and reduction in throughput)
- 26 Loss of Rights Under Existing Contracts
- 27 Load Pays Everything
- 28 Dispute Resolution

Group members volunteered to be the first or second person responsible for each paper. The outline for the papers was specified in our meeting of March 3rd.

The person with primary responsibility will draft the paper and keep track of its progress. The person with secondary responsibility will ensure that at least one other party reviews each paper (by doing so themselves).

Kurt Conger will create a private web site for draft papers and comments – the web site won't be "secret", but there will not be any links to the site from the main RRG/RnR sites. He will distribute the web site address via email to group members. Group members agree to discuss proposed papers amongst themselves before distributing them to a wider audience.

3. Proposed Output Matrices

The group reviewed output matrices proposed by Janelle Schmidt. Janelle explained that she had thought about all of the different problem categories and how the benefits of resolving those problems overlap. She wanted to devise a method for rolling the various potential benefits up into a total benefits estimate without double counting.

To this end, she devised a proposed matrix for identifying the core categories of potential cost/savings impacts and cross referencing that with the various issues under consideration. She proposed a second "output" matrix that would be produced for each core cost impact category.

The group discussed the first matrix in some detail, narrowing the core cost impact categories down to the following categories:

Generation Dispatch – anticipated costs associated with dispatch

Generation Construction – anticipated costs associated with generation construction.

T&D Construction – anticipated costs associated with transmission and distribution construction

Administrative Costs - Costs associated with finding/implementing transactions.

General Economy – Macroeconomic impacts

Additionally, the group identified two areas of equity impacts that should be qualitatively assessed for decision point 2:

Comparable Treatment: Impacts that Grid West's resolution of an identified problem might have on comparable market treatment of participants.

Cost Shifts: Impacts that Grid West's resolution of an identified problem might have on the distribution of the costs and benefits of electricity generation .

The group agreed to use these tools to identify impacts and avoid double counting of benefits.

4. Dean Perry on Path Utilization

The risk reward survey responses were mixed with respect to transmission path utilization – some respondents think that the NW transmission system is overutilized, while others believe it to be under utilized. In order to better understand this issue and how Grid West might affect it, Dean Perry was invited to the meeting to discuss his knowledge of WECC path utilization. Dean has completed several studies on the subject for SSGWI and is undertaking further studies for CREPC.

Dean began by sharing a summary graph from his “Western Interconnection Transmission Path Flow Study” of February 2003 (prepared for SSGWI – on the web at: http://ssg-wi.com/documents/320-2002_Report_final_pdf.pdf). This graph shows the % of time that WECC paths were over 75% of their OTC rating from Winter '98/99 through Spring 2002. The report itself contains full frequency distributions for each path.

Dean noted that the weakest point in his report (which he is currently updating) is that he doesn't have good schedule information to correlate to path utilization data. The schedule data he currently has is *net* schedule information. Thus, he cannot say whether paths are not used because there was no demand for them, or whether the cause was that schedules showed the paths to be fully used when they were not. Together with CREPC, he has begun to look at OASIS sites to gather actual ATC information and schedules, but CREPC does not currently have the funds to complete/support this activity.

Dean also noted that WestConnect is in the process of identifying how its different members identify ATC – to better understand how consistent the process is across Transmission Operators.

The issue of the “Christmas Tree Diagrams” from RTO West Stage 2 came up. These diagrams were used in the attempt to catalogue transmission rights – they showed the capacity and sales status of transmission on the various WECC paths, in both directions. There was some discussion of whether these diagrams could be put to use for our analysis of path utilization.

Kurt Conger shared the results of some work he did with Seattle examining the West of Hatwai bottleneck where RODS data were used for one day in 2001 to examine a curtailment situation. The data indicated that netting schedules would have eliminated the need for curtailment. A discussion ensued about whether Grid West or the consolidated control area would have allowed for this kind of netting and prevented the curtailment.

The group further discussed the potential use of RODS data in its analysis.

NEXT STEPS

The following tasks were assigned to participants:

- Walk through Seattle West of Hatwai problem – determine what affect Grid West/CCA would have.
- Draft White Papers – per assignment matrix
- Proposal for further analysis of ATC/Schedules – Dean Perry