

## **Risk Reward Workgroup**

### **Problem Identification and Quantification Survey**

#### **Background**

In addition to evaluating the potential cost of implementing the Grid West regional proposal, the Risk Reward workgroup is responsible for quantifying the impact of problems associated with existing tariffs, business practices, operations and planning efforts currently adopted by transmission system(s) located in the footprint of the proposed Grid West transmission organization. These problems were identified by the Regional Representatives Group (RRG) during the summer-fall 2003 and have been included in the attached survey, prepared by the Risk Reward workgroup.

For this task, the Risk Reward workgroup is focusing on problems associated with actual and perceived inefficiencies, reliability concerns, access limitations, non-comparable services and service confusion associated with planning and using existing transmission systems. This focus is important as the intent of this effort is to further inform the development and design of Grid West.

This survey is being used as a vehicle to identify and quantify regional transmission problems by gathering data as well as anecdotal evidence from transmission providers and customers. Responses to this survey will be compiled by the Risk Reward workgroup. Where quantitative information exists, it will be relied upon to evaluate the impacts of the proposed Grid West service structure; qualitative information will be used to establish profiles of persistent problems and challenges that may be addressed by the Grid West proposal.

#### **Instructions**

Some stakeholders have not experienced certain problems identified by the RRG, for example, some apply to transmission providers while others apply only to customers. Nevertheless, the Risk Reward workgroup asks that you please respond to those questions that are applicable to the entity you represent and indicate "not applicable" or "n/a" for those that do not apply. Also, if the survey does not address issues or problems that you think it should, please append applicable information to your response.

Please answer the survey questions as comprehensively as possible and in a manner that will aid the workgroup's efforts to quantify specific problems. Responses can be inserted below the survey questions in this document or identified by number in a separate document. The workgroup is particularly interested in responses that describe specific events that occurred during Calendar Years 2002 through 2003, and 2004 to date.

In your responses, please provide the following information for each event:

- A brief narrative description.
- A quantification of the impact (including direct and indirect impacts, if applicable). If available, please provide the economic consequences of the impact.
- A description of the basis, data and methods used for quantifying the impact. And, if the economic consequences have been quantified, please explain the method used for making that determination.
- Identify relevant dates or occurrences.
- Identify parties involved (to avoid double-counting events).
- Identify the cause of the problem, if known.

**Deadline for Responses:** Please provide responses by January 31, 2005.

**Responses should be returned to:** Carol Opatrny ([ccopat@e-z.net](mailto:ccopat@e-z.net)) and Chris Elliott ([christowest@earthlink.net](mailto:christowest@earthlink.net)).

**Questions** regarding this survey and questionnaire can be directed to:

Carol Opatrny  
Co-chair, Risk Reward Workgroup  
[ccopat@e-z.net](mailto:ccopat@e-z.net)  
(360) 666-8510

Or

Kurt Conger  
Grid West Coordinating Team  
[kconger@nrgxs.com](mailto:kconger@nrgxs.com)  
(425) 444-3149

### **Follow-up**

When necessary, a member of the Risk Reward workgroup or Grid West Coordinating Team will contact survey respondents in order to clarify responses and potentially request additional data and information.

### **Compilation of Responses and Results**

Survey responses will be compiled to produce descriptive profiles of events associated with problem categories identified by the RRG in the Regional Proposal. To respect confidentiality of respondents and other parties, the identities of the parties involved in the events will be concealed using a lettering system (e.g. Entity A, Entity B, etc.).

Finally, thank you in advance for your participation and assistance in this effort.

# **Grid West Risk Reward Survey**

## **Respondent Information**

Name of Entity:

Point(s) of Contact:

## **Problem Categories and Specific Elements**

### **1. Production Cost**

a. Please provide examples of how and why rate pancakes (more than one embedded-cost transmission rate associated with a particular transaction) result in production cost inefficiencies.

b. Please provide examples of existing inefficiencies regarding supply-side and demand-side dispatch. Do dispatch opportunities exist that are not being taken? If yes, please describe the circumstances to which you are referring. Is your company involved in dispatch actions that are used to relieve transmission constraints? If yes, please describe the dates, time and circumstances associated with these actions. If available, please provide an estimate of the economic consequences (in terms of production cost) associated with these circumstances.

c. Please identify examples of how and why the transmission system(s) that your utility operates or accesses are under-utilized. For example, could more capacity be sold by changing the use of existing facilities? If so, describe those changes and the potential impact on production costs.

d. Please identify examples of how and why transmission congestion affects production costs at your utility. For example, does congestion cause your company to purchase replacement energy and/or reserves at prices in excess of owned or contracted for resources? If so, how frequently and to what extent. If available, please provide an estimate of the economic consequence.

e. Please provide examples of how and why rate pancakes affect long-term resource planning decisions.

f. Please provide any additional information that would enable quantification of your answers to the questions on problems that affect Production Costs.

## 2. Transmission System Operations

a. Are current transmission outage and maintenance procedures coordinated adequately? Describe any problems encountered, and how improved coordination could lower costs.

b. Please explain if and why you believe that there are inefficiencies or barriers to entry in specific ancillary services markets (for example, operating reserves). Also describe any opportunities to improve these markets and identify barriers to implementing such improvements.

c. Please indicate if and why you believe that the current process for identifying and settling area control error (inadvertent payback) is inefficient or affords non-comparable treatment among users of the transmission system. If available, please provide an estimate of the economic consequence.

d. Have there been instances where transmission system dispatcher orders to curtail transactions were not complied with? If yes, please describe the dates, time and circumstances that led to the decision to not comply.

e. Have there been instances where transmission system dispatcher orders have been obeyed, but have failed to provide transmission loading relief? If yes, please describe the dates, time and circumstances that caused this result. If available, please provide an estimate of the economic consequence associated with each instance.

f. Please provide any additional information that would enable quantification of the responses to the questions on Transmission System Operations-related problems.

## 3. System Capability and Scope

a. Please provide specific examples of how and why reliability policies and practices could be or need to be changed or enhanced. Please comment on whether compliance monitoring and enforcement measures are appropriate and/or sufficient.

b. Please provide examples of how and why parallel flow affects transactions or transmission system operations. What parties are involved in parallel flow issues to which you are referring? Where possible, describe and quantify the economic consequences resulting from parallel flow impacts.

c. Please provide examples of how and why programs to control failure propagation affect system operations, and how they could or need to be enhanced. For example, for transmission providers, what is the impact of

Remedial Action Schemes (RAS) on ATC? For generators involved in RAS, how do the schemes affect the economics of your company's operations?

d. Please provide examples of how your company has been affected as a result of differences and/or inconsistencies in the determination of Available Transmission Capability (or Operating Transmission Capability or Total Transmission Capability).

e. Please provide examples of how your company has been affected as a result of the differences and/or inconsistencies among transmission providers in Open Access Same-time Information Systems (OASIS), reservation procedures, scheduling procedures, E-tagging requirements, etc. If possible, estimate the cost of staffing required to perform each of these functions.

f. Please provide examples of how your company has been impacted by Transmission Reliability Margins and/or Capacity Benefit Margins.

g. Is your company required to submit transaction tags (E-tags) for energy schedules? Does this tagging requirement apply to all scheduled transactions?

h. Please provide any additional information that would enable quantification of your answers to the questions on System Capability and Scope-related problems.

#### 4. Existing Transmission Constraints - Questions for Transmission Providers

a. What flowgate(s) or constrained path(s) do you typically post to an OASIS? Please define the path(s) and the frequency of it/they being posted. Also, please indicate whether these constrained paths will impose further limitations on transactions in the future or not (e.g., whether upgrades are planned or in progress).

b. Please provide information that describes all instances of transmission capacity deratings or imposition of pre-schedule limits that resulted in a reduction of customer schedules during the period from 2002 through present. If possible, for each path and hour affected, provide (in MW): nominal path rating, amount of path loading relief needed, and amount of customer schedule reductions called upon. If available, please provide estimates of the economic consequence associated with these instances.

c. Please provide information that describes all instances of real-time curtailments that resulted in either partial or total curtailment of customer schedules during the period from 2002 through present. If possible, for each path and hour affected, provide (in MW): nominal path rating, amount of path loading relief needed, and amount of customer schedule reductions called upon. If

available, please provide estimates of the economic consequence associated with these instances.

#### 4. Existing Transmission Constraints - Questions for Transmission Customers

a. What flowgate(s) or posted path(s) impact desired transactions? Please define the path(s) and identify on whose OASIS the path(s) is/are posted. For each path(s), please describe the nature of the impact on transactions.

b. Please provide information that describes all instances of transmission capacity deratings or imposition of pre-schedule limits that resulted in a reduction of customer schedules during the period from 2002 through present. If possible, for each path and hour affected, provide (in MW): nominal customer contract demand, and actual amount of customer schedule reductions. If you have cost data for the original schedule and replacement energy and/or capacity that was dispatched or purchased due to the schedule reductions, please provide the net cost of schedule reductions for each hour.

c. Please provide information that describes all instances of real-time curtailments that resulted in either partial or total curtailment of customer interchange schedules or transactions during the period from 2002 through present. If possible, for each path and hour affected, provide (in MW): nominal customer contract demand, and actual amount of customer schedule reductions. If you have cost data for the original schedule and replacement energy and/or capacity that was dispatched or purchased due to the curtailment, please provide the net cost of schedule curtailments for each hour.

#### 5. Inconsistent Treatment of Generators/Loads

a. Please provide examples of perceived non-comparable treatment of reactive power provided by generators owned by your company versus generators owned by others.

b. Please provide examples of perceived non-comparable treatment of remedial action schemes (RAS) imposed on generators owned by your company versus generators owned by others.

c. Please provide any additional information that would enable quantification of your answers to the questions on Inconsistent Treatment-related problems, e.g., Ancillary Service markets.

d. Please indicate whether you have sought to have these inconsistencies addressed by a dispute resolution process (e.g. mediation, arbitration, FERC or courts) and describe the status of the process and in general, the costs involved.

## 6. Tariff and Business Practice Confusion

a. Please provide any examples of how confusion over tariff language, interpretation and/or business practices (within the Grid West footprint as well as at seams) has resulted in economic inefficiencies. Have you been involved in dispute resolution, arbitration, state or federal proceedings as a result? And if so, please identify the issue, the parties involved, when it occurred, the status of the process, the cost of resolving the issue(s), and any other pertinent details.

b. Please provide examples of how pancaked or multiple administrative processes have affected you. What has been the “cost” that you associate with this inefficiency?

c. For transmission customers: Please provide examples of how inefficiencies, and additional costs (if any), have resulted when a request for capacity involves multiple systems and some portion of the request involves a constraint (i.e., there is inadequate ATC available).

d. For transmission providers: How have inefficiencies, including lost opportunity costs, resulted when portions of your system capacity cannot be sold due to constraints and/or different policies on adjoining systems?

e. Please provide examples of how the need for System Impact Studies or Facilities Studies has impacted any Integrated Resource Planning efforts or resource acquisitions. Are you aware of instances where your company is financially supporting System Impact Studies or Facilities Studies that are also financially supported by other entities? Has the transmission provider openly disclosed information about how the costs of these studies are shared?

f. Please provide examples of System Impact Studies or Facilities Studies that have not been completed in a timely manner and indicate whether transactions have been foregone. If available, please provide estimates of the economic consequence of foregone transactions. Please describe any correspondence or dispute resolution efforts that occurred to attempt to resolve the situation.

g. Please provide examples of how delays in the processing of transmission requests have resulted in foregone transactions.

h. Please provide any additional information that would enable quantification of your answers to the questions on Tariff and Business Practice Confusion-related problems.

## 7. Planning/Expansion

a. Please provide examples of how lack of information about the value or cost of congestion has impacted investment decisions.

b. Please provide examples of how uncertainty or disagreement about the allocation of costs and benefits associated with a transmission investment has resulted in controversy, delay, and possibly the failure to complete timely system expansions or investment decisions.

c. Please provide examples of how planning coordination could enhance current planning efforts.

d. Please describe examples of desired services that have not been available to wholesale power and energy markets. Can you quantify the benefit and other impacts of making these services available?

e. Please provide any additional information that would enable quantification of your answers to the questions on Planning/Expansion-related problems.