RTO West

Washington
Oregon
Idaho
Nevada
Utah
Montana
Wyoming
Regional Challenges

- Transmission Price Differentials
  - $6/kW-mo. To over $50/kW-mo.
    - Long Distances & low loads make some providers very expensive
    - Others are more urban, with large loads but little transmission investment
  - RESULT = Disparate Unitized Costs

- BPA Domination of Western part of RTO West
  - IOU & Publics dependent on BPA
  - BPA statutory obligations: fish, preference, etc.
Regional Challenges

- Retail access
  - Oregon retail access scheduled ahead of RTO Startup
  - Wyoming & Utah pursuing

- Previous failed efforts
  - Attempt to form ISO in 1996-98
  - Failure due to Cost Shifting, lack of compelling order from FERC
  - Lack of senior management from many key parties

- Transco vs ISO
Structure

- State Chartered non-profit corporation
- No ownership of transmission assets
- Governed by an independent board
- Stakeholder Advisory Committee
- No operation of a Power Exchange.

RTO West (ISO)

- BPA
- PacifiCorp
- Idaho Power
- Other NW TOs
- Trans Connect
  - Avista
  - Montana
  - Nevada
  - Portland
  - Puget
  - Sierra
RTO West

Geographic Scope

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- Preferred Geographic Scope
- Control Area and/or Transmission Provider
- Control Area Only
- Joint Ownership, Interconnection, and/or Trading Hub

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## Facility Inclusion

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**Notes:**

A = (Impact transfer capabilities on constrained paths, or carry 10% of flow in unconstrained areas)

A + B = Form 1 Facilities

C = Non-Form 1 Facilities
Transmission Rights

- Suspension of Transmission service and Ancillary Services contracts between participating transmission owners (PECs)
- Firm Transmission Rights (FTR's) issued for:
  - Firm Rights of Contracts suspended
  - Load Service Obligations not covered by Suspended Agreements (LSO's)
  - Obligations under Pre-Order 888 bundled Power Sales, Exchange, Coordination or other obligations not covered by a Transmission Agreement
  - Firm Transmission service to satisfy obligations of long-term that third-parties refuse to convert to RTO service
  - Load growth during Company rate period will receive FTR's on the company's system
Ancillary Services

- RTO is the provider of last resort
  - RTO may, until a market is formed, acquire IOS in the forward market, for periods of up to 90 days from the date such arrangements are made.
  - ETO’s are obligated to make IOS available to RTO West during the first 12mths after Transmission Service Commencement Date.
  - Obligation on ETO’s to submit bids (after 12mth period above) for IOS can be invoked only if needed in day-ahead & hour-ahead markets.

- RTO facilitates development of market for Ancillary Services

- Participants can self-provide as for their respective obligations

- Bi-lateral deals/external exchanges
Planning & Expansion

- Reliability (continued)
  - When requested, the RTO will determine allocation of costs to benefiting loads. (*Transmission & Non-Transmission solutions*)

- Congestion
  - Market-driven
  - Those who benefit/want - pay
  - FTR’s in exchange for costs
RTO West

Tariff Administration and Design

- RTO West will control its own tariff.
- It will have the right to unilaterally seek rate adjustments.
- ETO’s will have the right to unilaterally seek adjustments from FERC for their individual company rates.
- It will be cost-of-service regulated.
Parallel Path Flow

- Much less of a problem in the West due to phase shifters.
- WSCEC unscheduled flow procedures are available.
- Proposal for Flow Distributed Scheduling ("flow gate") should significantly reduce any remaining problems.
OASIS, TTC and ATC

RTO West will be solely responsible for:

- determining how much capacity is available, and
- assuring functional markets for that capacity.
Load Integration Agreement

Objective: Provide RTO with current information about characteristics and operations of load service facilities. Establish minimum technical requirements.

- Applies to all parties that have load serving facilities interconnected with RTO West Transmission System.
- Will not alter or supersede pre-existing agreements concerning interconnection and operation of load service facilities.
- Encourage Third-Parties to voluntarily transition to new agreement.
RTO West

Interregional Coordination-Seams

- Significant Canadian involvement in work that led to October filing and expected to continue in Stage 2.

- RTO to RTO discussions begun with CAISO and DStar.

- WMIC seams task force established.

  - Coordination Group, may develop solution proposals for RTO seams issues.
  - RTO's will make decisions, not Task Force
  - Target work completion - March 31, 2001
Can we move faster?

- RTO’s are not the single solution to the increasing difficulties in supply, demand & the market.
  - Simplification of siting processes could contribute greatly to increasing supply.
  - Concentrated efforts on conservation.
  - Stabilization of California critical for entire West.

- Getting it right far exceeds getting it fast.