

Joint Initiative

Brainstorming Session Regarding JI Next Steps

November 19, 2010

Problem Statement/Possible Solutions

Problem Statement

(It should be noted that the level of concern regarding the problems varies across the Western Interconnection)

1. Existing reliability tools are not sufficient to address needs of variable generation
 - a. New tools are needed rather than simply passing on the problem to involuntary recipients (e.g., load should not be cut to integrate variable generation)
 - b. There are different perspectives on whether reliability and economics can be separated, but general support for meeting operational reliability through economically efficient means
2. There are restrictions in acquiring and moving capacity needed to balance the system, even though this capacity exists in the broader system
 - a. Not a lot of scheduling flexibility
 - b. Limited ability to transact over multiple systems in a similar manner
 - c. Differing operational regimes and criteria
 - d. Limitations in provider of last resort relying on bilateral market to provide for imbalance
3. Need for more efficient use of existing transmission, including keeping it available for non-firm transmission transactions
4. With functional separation, challenges regarding who “owns” generation to be used and shared for balancing
5. One potential tool is undergoing a cost-benefit analysis at WECC, the Efficient Dispatch Toolkit (EDT), but it is not clear how stakeholders will address post-EDT analysis
6. Even if one assumes EDT will be implemented, there are challenges that need to be addressed before EDT is in place

Possible Solutions/Options for Joint Initiative Work

Near-Term Solutions

1. Small scale voluntary capacity market/Resource Pool
 - a. Identify the functionality, implications, and options as a “proof of concept” tool
 - b. Voluntary, but not without obligations, participants contribute a block of resources into economic dispatch pool and commit to bringing those resources
 - c. One possible approach
 - i. Capacity could be bid in and shared through a pool (smaller market than EDT)
 - ii. Pool would have 15 minute dispatch (avoid the scheduling, tagging every 15 minutes) (for example, 15 minutes changes through DSS without doing new tags each time)
 - iii. Participants could get firm transmission in and out of a hub (e.g., Mid C); pool would be located at hub to be called on
 - d. Determine whether pool concept could be added to I-TAP
2. Continue existing JI work with eye towards increasing scheduling flexibility and providing greater access to balancing resources
 - a. Continue within-hour transmission scheduling work, taking into account possible implications of VER NOPR
 - b. Add “ghost market” modeling component to I-TAP to see how I-TAP would work if prices cleared through a single dispatch model
3. Identify additional ways to improve ability to transact over multiple systems in the same manner
 - a. Identify whether there are FERC policies that impede within-hour or real-time transactions across multiple systems and seek appropriate modification of such policies (e.g., undesignation of resources – once resources are designated for a system’s use it is difficult to use them to respond to other systems’ issues)
4. FERC VER NOPR – review and identify potential implications

Near-Term Action to Support Possibility of Longer-Term Solutions

1. EDT

- a. Get interested participants to discuss implementation issues, might result in a participants agreement as a fundamental starting point
 - i. Design options
 - ii. Contractor options
 - iii. Solution details, including financing alternatives
- b. EIM strike team – info sharing role (WC has stakeholder group discussing and sharing information on EIM – this group could be broadened)