

Notice: This meeting will be recorded



Oregon RTO Advisory Committee: Meeting #1

September 20, 2021

For more information:

<https://www.oregon.gov/energy/energy-oregon/Pages/RTO.aspx>

How this meeting will be facilitated:

- **Panelists and Attendees**

- Panelists: RTO Advisory Committee Members and ODOE Staff
- Public: There will be time reserved at the end of the agenda for public comment

- **Community Agreements:** Designed to foster inclusive and respectful workshop today

- Be present and ready to learn
- Be respectful to others
- Learning happens outside of our comfort zones
- Listen to learn and not to respond
- Thank you for being flexible and patient around any technology needs or changes
- If you need something at this meeting, ask for it!
 - Technical issues or questions: Contact **Linda Ross** in the chat



OREGON DEPARTMENT OF ENERGY

Leading Oregon to a safe, equitable, clean, and sustainable energy future.

Our Mission

The Oregon Department of Energy helps Oregonians make informed decisions and maintain a resilient and affordable energy system. We advance solutions to shape an equitable clean energy transition, protect the environment and public health, and responsibly balance energy needs and impacts for current and future generations.

What We Do

On behalf of Oregonians across the state, the Oregon Department of Energy achieves its mission by providing:

- A Central Repository of Energy Data, Information, and Analysis
- A Venue for Problem-Solving Oregon's Energy Challenges
- Energy Education and Technical Assistance
- Regulation and Oversight
- Energy Programs and Activities

AGENDA

1:00 – 1:10	Welcome remarks: Objective, timeline, logistics
1:10 – 2:00	Introductions & Roundtable Discussion
2:00 – 2:15	Scope of the Literature Review
2:15 – 2:20	Survey results
2:20 – 2:40	<i>Question #1: Legal barriers</i>
2:40 – 3:00	<i>Question #2: Oregon-specific costs and benefits</i>
3:00 – 3:10	BREAK
3:10 – 3:30	<i>Question #3: Oregon retail customers</i>
3:30 – 4:00	<i>Question #4: Principles</i>
4:00 – 4:20	<i>Question #5: Transmission rates</i>
4:20 – 5:00	Public Comment



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Welcome Remarks

John Day Dam, Columbia River

Welcome

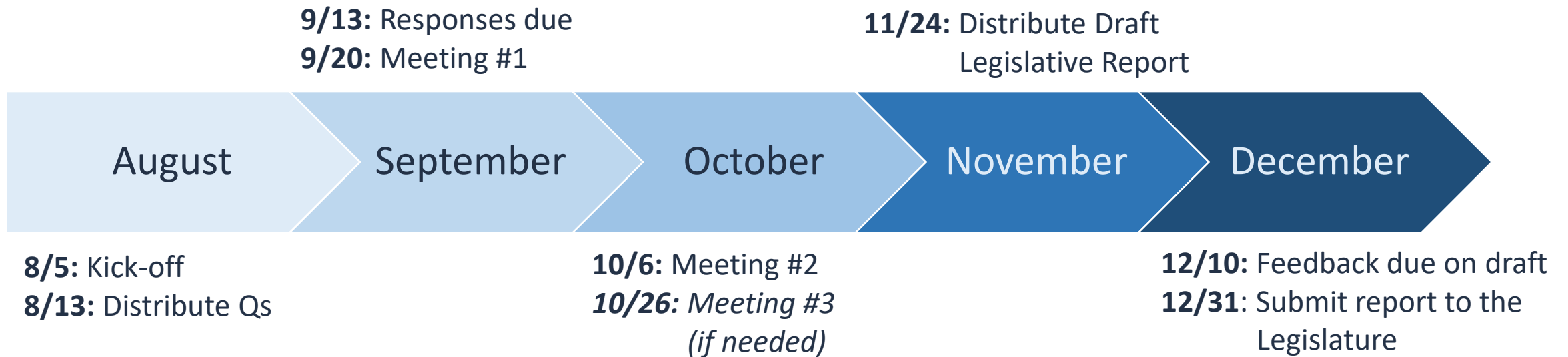
- First, thank you!
- **Quick recap of SB 589:** what does it ask ODOE to do?

Objective:

To gather and synthesize the range of perspectives on the benefits, costs, opportunities, challenges, and risks of RTO formation that exist among a diverse range of Oregon stakeholders to inform the State Legislature and other interested parties.

- **Logistics:**
 - Today's agenda
 - Note that we'll be recording this meeting and will post it online
 - Next advisory committee scheduled for the **morning** of Wednesday, 10/6
 - We will provide, at minimum, 2 weeks for committee review of the draft report later this fall
 - Public comment towards end of meeting: 5 minutes per commenter

Timeline for Implementation





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Introductions & Roundtable Discussion



Introductions

Oregon RTO Advisory Committee

Senator Kathleen Taylor
Commissioner Letha Tawney, PUC
Scott Coe, Emerald PUD
Robert Echenrode, Umatilla Electric Coop
Sarah Edmonds, Portland General Electric
Travis Eri, IBEW Local 125
Spencer Gray, NIPPC

Representative Pam Marsh
Kristen Sheeran, Governor's Office
Nicole Hughes, Renewable Northwest
Frank Lawson, EWEB
Oriana Magnera, Verde
Lindsey Schlekeway, PacifiCorp

Ex Officio Members:

Ravi Aggarwal, BPA
Kathy Anderson, Idaho Power
Mike Goetz, Oregon Citizens' Utility Board

Fred Heutte, Northwest Energy Coalition
Ben Kujala, Northwest Power Council
Mary Pleasant, Oregon DEQ

Roundtable Discussion

- (1) Primary Issue:** If you had to identify one primary issue that you'd like for this committee to surface in its report to the legislature, what would it be? Feel free to be as broad or narrow as you'd like.
- (2) What's Missing:** Based on our review of recent studies, we attempted to surface major issues in our scoping questions, but we recognize that we couldn't address everything. What issues did we miss that are important to your organization?



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Scope of Literature Review

Harney County, Oregon

SB 589: Literature Review

What does SB 589 require?

- “[T]he department shall **review studies and reports relevant to the development or expansion of a regional transmission organization in this state** made available between January 1, 2019, and July 1, 2021, and conduct a literature review of other existing studies and reports pertaining to regional transmission organization development in the western United States.” *[Section 1 – (2)]*
- “Upon completion of the reviews required by subsection (2) of this section . . . shall **prepare a summary of the reviews** . . . to be shared with the advisory committee.” *[Section 1 – (4)(a)]*
- “**Consider any relevant studies, reports, literature or drafts thereof that are made available after July 1, 2021**, but before the department finalizes the report required by this section.” *[Section 1 – (4)(b)(B)]*
- “The report shall **include the department’s findings from the review** required under subsection (2) of this section. . . .” *[Section 1 – (5)]*

SB 589: Literature Review

ODOE's Interpretation:

- ID key findings from recent studies and reports relevant to potential RTO formation in Oregon
- Include this material in the final report to the Legislature

Important Caveats:

- The literature review is **intended to reflect the findings of the authors of these studies/reports**
- Reproduction of these findings in the literature review **does not convey an endorsement of these findings** by the Oregon Department of Energy, the State of Oregon, or this Committee
- We fully expected that members of the committee may challenge or disagree with some of the findings identified in the literature that we reviewed—we hope that those issues are surfaced in your written or verbal feedback provided as part of this process

SB 589: Literature Review

Studies and Reports Reviewed:

- We provided the committee with the list of technical studies and reports that we reviewed
- Admittedly, the list is not exhaustive given the number of relevant studies and reports
- Question:
 - Are there studies and reports that, in your view, must be included as part of this effort which were not reviewed in the draft?
 - **If so, please let me know via e-mail before our next meeting on October 6. In doing so, please identify specific findings which you believe would substantively add value to the summary of key findings in the draft literature review.**



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Survey Results



Survey Results: Top 3 Potential Benefits

Numerous studies have evaluated the potential benefits of RTO formation in regions of the country, like the Northwest, that currently operate without them. From the list below, please identify the top 3 potential benefits of RTO formation that are of most interest to you or your organization:

Top 3	Economic dispatch of generators lowering system costs	9
	Improved mechanisms to develop inter-regional transmission solutions	7
	Achieving state clean energy policy goals at lower cost	4
	Lower costs to maintain reliability	3
	Easier, lower cost access to more high-quality renewable resources	3
	Uniform transmission rates	2
	Uniform interconnection procedures across a broad geographic area	2
	Increased market transparency	2
	New market-based revenue streams that can support the financing of DER solutions	1

NOTE: Three other potential benefits that were listed were not selected by any respondents.

Survey Results: Top 3 Perceived Challenges

At the same time, there are meaningful substantive challenges that have prevented RTO formation in the Northwest in the past. From the list below, please identify the top 3 perceived challenges or barriers to RTO formation in the Northwest:

Top 3	Erosion of state legislative or regulatory authority (e.g., over the resource mix or RA)	6
	Uncertainty about whether participation in an RTO will actually result in lower retail costs	4
	Conversion of legacy contractual transmission rights	4
	Reduction of revenues for transmission owners	4
	Increase in costs for transmission customers	3
	Increased market competition resulting in reduced revenues for generators in Oregon	1
	Uncertainty over the design of a regional governance structure	1

- Other** {
- Entrenched interests of current system and ownership
 - Uncertainty of the market design and whether or not it would benefit Oregon

Prompting Questions

- Remaining slides focused on the comments we received from the Advisory Committee
- Our purpose in reviewing this is to help us crystallize our understanding of perspectives so that we can accurately represent those to the Legislature
- Our purpose is **not** to reconcile opposing perspectives to formulate recommendations
- **Prompting questions:**
 - Do you support or oppose a perspective represented on the screen?
 - Would you emphasize something differently?
 - Is there something missing?

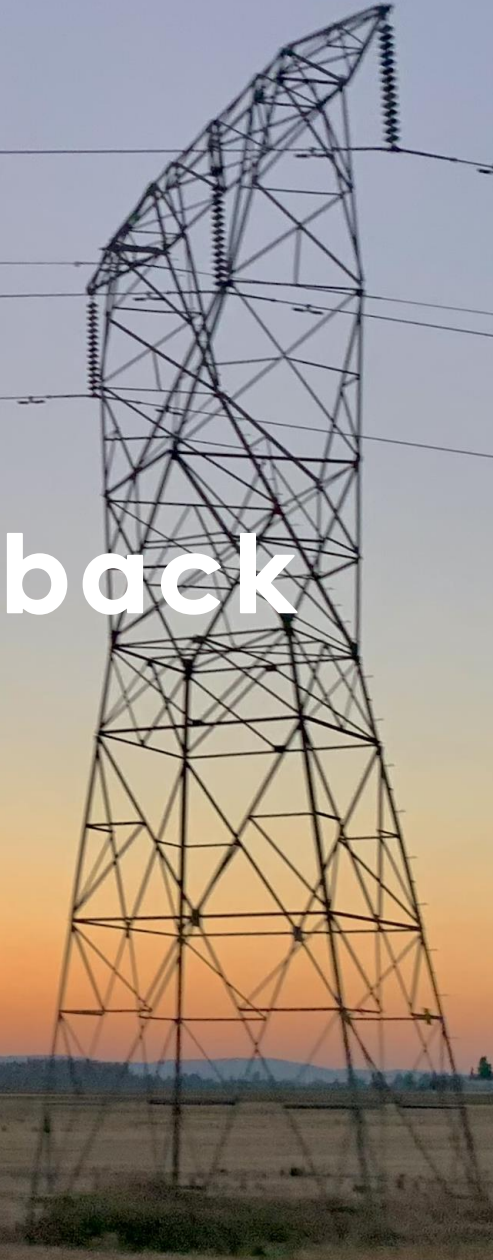
Objective:

To gather and synthesize the range of perspectives on the benefits, costs, opportunities, challenges, and risks of RTO formation that exist among a diverse range of Oregon stakeholders to inform the State Legislature and other interested parties.



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General Feedback



General Feedback

- **Lack of Specific Design:** Several members identified the difficulty in answering these questions without a concrete framework for general market design, capacity requirements, rate structure, governance, and the allocation of costs and benefits—each element having potentially significant impacts on ultimate outcomes
 - One member suggested that this uncertainty of projected outcomes—until a time that an actual market design proposal has been established—is reason to forgo additional technical analysis
- **Context:** It is our hope, as some expressed in their comments, that the type of high-level feedback provided through this process will provide helpful context and baseline information to help the state and interested stakeholders better understand the issues implicated in RTO formation
- **Problem Statement:** What problem(s) are we attempting to solve in the electric sector by undertaking consideration of RTO formation in the first place?



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Question #1: Legal Barriers



Yaquina Head Lighthouse, Newport, Oregon

Question #1: Legal barriers

Legal Barriers: Oregon's retail electricity customers are served by a complex arrangement of private and public distribution utilities, with the majority of the state's transmission owned and operated by a federal entity. These entities operate under different governing laws, with different types of regulatory and governing oversight.

- Are you aware of any legal barriers to Oregon entities joining a Regional Transmission Organization?

Question #1: Legal Barriers

General Feedback:

- **Types of Entities.** Important to acknowledge different types of organizations have different potential legal barriers:
 - Investor-owned utilities regulated by the Oregon PUC
 - Consumer-owned utilities have more local control
 - Independent power producers
 - Federal-entities (e.g., BPA) not subject to state regulation
- **Regulatory Requirements.** Several members identified that while there may not be explicit legal barriers, there are clear regulatory requirements (e.g., Oregon PUC and FERC)
- **Contract Rights.** Existing contractual legal rights, particularly with regard to transmission service, were also identified by several members as a potential barrier

Question #1: Legal Barriers

Bonneville Power Administration:

- **WAPA.** The Western Area Power Administration, another federal power marketing administration, is a full member of the Southwest Power Pool
- **BPA's Statutory Obligations.** Energy Policy Act of 2005 expressly authorizes BPA to join an RTO if doing so is “consistent with its statutory obligations”:
 - Administrator must retain control of federal transmission, although previous RTO efforts have identified mechanisms to address this
 - FCRPS cannot be subject to must-run obligations by an RTO
 - Participation in an RTO that dispatches resources according to security-constrained economic dispatch may create challenges for BPA in meeting its statutory preference obligations

Question #1: Legal Barriers

Investor-Owned Utilities:

- **PUC Oversight.** Multiple commenters agreed that the Oregon PUC has a regulatory oversight responsibility in this area, primarily to understand if RTO entry by IOUs would be just, reasonable, and in the public interest
- **Oregon Statute.** Multiple utility members identified specific sections of the Oregon Revised Statutes that may be implicated, including 757.480 requiring PUC approval “in order to allow any other entity to operate any public utility property or perform any service as a public utility”
- **Vertical Integration.** One commenter cautioned that IOUs might also have to unwind their current vertically-integrated systems
- **Multi-state.** A multi-state utility would likely be required to receive approval from regulators in each state that it operates

Question #1: Legal Barriers

Transmission Issues:

- **FERC.** Any proposed transfer of operational control of transmission facilities to an RTO would require FERC approval pursuant to Section 203 of the Federal Power Act
- **Legacy Transmission Rights.**
 - May be necessary to review contractual transmission rights, whether those rights must be assigned to an RTO, and if so, the steps for doing so
 - Sections 217 and 218 of the Federal Power Act specifically address physical transmission rights held in the Western Interconnection, and in the Northwest in particular, requiring the consent of load-serving entities to convert their physical transmission rights to tradable or financial rights that would be compatible with an RTO



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Question #2: Oregon-Specific Costs & Benefits

Vista House, Columbia River Gorge

Question #2: Oregon-specific Costs & Benefits

Oregon-Specific Net Benefits: Technical analyses of RTO formation in the West, inclusive of Oregon, have identified significant quantifiable net economic benefits for the regional power system. There would likely be some variation, however, in the distribution of these net benefits across individual states and utilities.

What are your perspectives on Oregon-specific net benefits that would accrue from RTO formation? Specifically:

- Are there reasons why you believe that these net benefits found in the technical analyses might be greater or (more importantly) lesser in Oregon? Do you believe there is a need for additional technical analysis of the particular costs and benefits to Oregon from RTO formation?
- What are some of the costs and risks that participation in an RTO might introduce specifically for Oregon? Please suggest how these might be mitigated to ensure net benefits to Oregon and how these mitigation measures can be designed to center underserved and low-income communities.

Question #2: Oregon-specific Costs & Benefits

General Feedback:

- Most, but not all, commenters seem to generally agree with the major findings of the literature that regional integration and coordination can reduce system costs
- One commenter suggested that the complexities of modeling the existing bilateral market may result in technical studies of RTO formation that *overestimate* the benefits compared to the status quo
- In some cases, costs may simply shift from one customer group to another

Caution about Oregon-specific analysis:

- Multiple commenters urged a collaborative process with regional stakeholders to ensure costs and benefits are allocated equitably across the region, as opposed to an exclusive focus on a single state
- There may be complications with estimating state-specific benefits because of the physical regional interconnectedness of the grid

Question #2: Oregon-specific Costs & Benefits

Potential Oregon-specific benefits:

- As a result of Oregon's reliance on thermal resources compared to neighboring Washington, it is "more likely" that Oregon consumers would see net benefits from an RTO
- As a potential exporter of clean energy, Oregon could benefit from lower wheeling charges across the region as a result of RTO formation
- Multiple commenters expect that access to more diverse resources across a broader footprint to serve in-state load would benefit Oregon

Potential Oregon-specific costs:

- Multiple commenters identified the potential for a "reversion to the mean" across the region, with customers who currently pay less for power and transmission (e.g., Oregon) ending up paying more, while customers who currently pay more (e.g., CAISO) end up paying less as prices converge regionally
 - Uniform transmission costs, for example, was identified as one area in particular where this could adversely impact Oregon customers
- Low hydro years, in particular, could expose Oregon customers to "greater rate variability" driven by the increased dispatch of resources with a fuel cost

Question #2: Oregon-specific Costs & Benefits

Other Potential Oregon-specific Concerns:

- **Local Control.** Concerns were identified about “diluting the value of the local control” if consumer-owned utilities were to join a regional RTO with a load-based governing structure
- **Transmission Congestion.** There is a perception that Oregon “experiences relatively little transmission congestion” and that a well-designed RTO should mitigate against inequitably shifting costs to Oregon customers to relieve transmission congestion outside Oregon
- **Out of Market Actions.** One commenter noted that RTOs often supplement their markets with out-of-market capacity mechanisms to ensure sufficient capacity, while the status quo in the region may offer a “more efficient and certain” mechanism for doing this

Equity considerations in Oregon:

- At least one commenter expressed that they are not aware of any specific risks to underserved and low-income communities associated with RTO formation
- Out-of-market processes may evolve to address specific considerations for underserved and low-income communities where the design of an RTO administered market optimization may not be the appropriate mechanism



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10-Minute Break (return at 2:50)

Sunset on the Columbia River in Boardman



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Question #3: Oregon Retail Customers

Crater Lake National Park

Question #3: Oregon Retail Customers

Oregon Retail Customers: RTO formation could generate significant economic benefits for participating entities, even after taking into account the cost of participating in and operating an RTO. It is important to consider how these costs and benefits would flow through to Oregon's retail electricity customers.

What are your perspectives on costs and benefits to Oregon retail customers associated with RTO formation? Specifically:

- What are some costs that might accrue as a result of participation in an RTO, and how might these be balanced against stated benefits? How might net benefits be measured?
- What mechanisms or processes would be needed to ensure that the net economic benefits accrued from RTO formation directly benefit Oregon retail customers?

Question #3: Oregon Retail Customers

General Feedback:

- **Overall.** Most, but not all, commenters seem to generally agree with the major findings of the literature that RTO formation can reduce overall costs for retail customers after accounting for costs associated with RTO administration and operation
- **Delayed Benefits.** There is potential for there to be a delay in retail customers realizing net benefits from RTO formation until after several years of operational experience
- **Costs vs. Modeled Benefits.**
 - One commenter contends that actual costs should be included to offset reported benefits, which are difficult to measure because of the need to “compare what operational decisions a utility may have made” in a counterfactual scenario where they were not participating in an RTO
 - Another commenter argued that projected future benefits should be weighed against the proposed costs to calculate the net benefits for Oregon customers
- **Cost Causation.** Multiple commenters identified the ratemaking principle of cost-causation as being important to ensure an equitable distribution of costs
 - For example, utilities seeking to improve reliability or interconnect new generation should be responsible for the associated transmission costs of doing so, while minimizing the cost impacts to other market participants

Question #3: Oregon Retail Customers

Potential Costs:

- **Institutional.** Market start-up, administrative, and operational costs to run the RTO itself.
- **Technology.** May be costs associated with building or enhancing the market engine to model and represent the new market.
- **Equipment.** Market participants may need to make investments in metering upgrades and other equipment to interface with the market.
- **Transmission.** Allocation of costs for existing transmission and investments in new transmission.
- **Other.** Costs for market exports and out-of-market transactions.

Question #3: Oregon Retail Customers

Potential Benefits:

- **Reduced Net Power Costs.** RTO can optimize transmission, generation, congestion, and reliability coordination while incorporating transmission constraints to dispatch generators on least-cost basis.
- **Reduction in Reserves.** Day-ahead market optimization by an RTO can reduce the amount of generation needed to be online to maintain reserves for reliability.
- **Managing Imbalances.** Real-time, least-cost dispatch can minimize the costs of handling imbalances.
- **Renewables.** Lower cost integration of renewables will lower the cost of entry and open more opportunities for smaller-scale projects to compete in the market.
- **Types of Benefits.** Measuring both the tangible benefits (e.g., revenue from utility assets sold in the RTO market) and avoided-cost benefits (e.g., avoidance of new generation or transmission investments) of RTO formation

Question #3: Oregon Retail Customers

Benefit Flow Through to Retail Customers:

- **Automatic Cost Recovery Mechanism.** Multiple commenters contend that to ensure net benefits reach customers, benefits should flow through power cost or other automatic cost recovery true-up mechanisms
- **Utility Incentives.** The independent dispatch of resources by an RTO effectively removes “a utility’s incentive to operate efficiently to maximize profit” and may make “sharing mechanisms, earnings tests, etc.” unnecessary as a result
- **Role for the PUC.**
 - Having a mechanism to ensure benefits directly flow to retail customers could be established by the PUC as a condition for IOUs joining an RTO.
 - Oregon regulators need to have “a seat at the table during conversations related to RTO formation” and a “meaningful regulatory role” within the RTO itself to ensure benefits directly flow to retail customers
- **Rates as a Metric.** Customer retail rates can be characterized perhaps as the “ultimate measuring stick” to evaluate the benefits to retail customers



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Question #4: Principles

St. John's Bridge, Portland

Question #4: Principles

Principles: Separate from the consideration of the technical questions below, there may be areas of common ground among stakeholders that can be identified with respect to core principles (e.g., independent governance, a minimal expectation of net benefits to Oregonians, preservation of state policy influence, etc.) that can inform how Oregon evaluates potential RTO formation.

Are there core principles that should guide Oregon's evaluation of potential RTO formation?

Question #4: Principles

Foundational Question:

- Can stakeholders clearly articulate what perceived or potential problem(s), if any, exists with current transmission operations that an RTO might solve?

Potential Core Principles:

- **Independence.** Multiple commenters identified the need for independent, non-affiliated governance as being a vitally important principle, while it was suggested by another that this is actually a FERC *requirement* for an RTO
- **Diversity of Representation.** A fair and equitable governance structure that represents geographic and stakeholder diversity to ensure an equitable distribution of benefits
- **Balanced Involvement of State Regulators.** Governance that incorporates formalized and ongoing state regulator input, and that protects against a single state influencing rules and policies
- **Transparent and Inclusive Decision-Making.** Transparent decision-making regarding program proposals, initiatives, and amendments that is inclusive of RTO participants and non-participants
- **Cost Allocation.** Costs shared broadly among customers based upon principles of cost-causation, including for the revenue requirements of existing transmission assets
- **Market Power.** Market design should mitigate market power and disincentivize market manipulation—again though, it was suggested that this type of monitoring is a FERC *requirement*
- **Reliability.** Any market design should strive to improve regional reliability, which may include imposing minimum resource requirements on participants

Question #4: Principles

Potential Core Principles (continued):

- **State Policy.** Market design must take into account and be compatible with state GHG and clean energy policies, which in Oregon’s case means the market should facilitate cost-effective and timely decarbonization through the integration of clean energy
- **Resource Adequacy.** Market design should ensure all RTO participants are held to a common standard for transmission and capacity planning to ensure reliability and resource adequacy
 - RA standards should be applied equitably across participants and should be resource agnostic with regard to the contribution of capacity value (e.g., from non-wires alternatives and distributed resources)
- **Price Formation.** Price formation within the market should: (a) provide appropriate compensation for the energy, capacity, and flexibility attributes of resources; (b) accurately price scarcity; and (c) adequately reflect the opportunity costs of use-limited hydropower
- **Voluntary Entry and Exit.**
 - The decision to join an RTO should be voluntary, and to some extent, the decision to commit specific resources or transmission assets in the market should also be voluntary
 - There should be reasonable withdrawal rights should an entity seek to end its participation in an RTO—although, one commenter notes a potential for progressive erosion of internal institutional capacity (e.g. transmission operations) that might occur after joining an RTO



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Question #5: Transmission Rates

Trillium Lake, Mt. Hood

Question #5: Transmission Rates

Transmission Rates: The elimination of pancaked transmission rates has been identified as a significant source of economic benefits resulting from RTO formation. Given the existing variation in transmission rates across Oregon (and the broader West, including CAISO), the impacts on individual transmission customers and transmission owners would likely vary.

Please provide feedback on how these potential impacts to transmission rates from RTO formation would or would not be preferable to the status quo. In responding, you might also consider the following questions:

- **Rates.** Do you expect that the adoption of uniform transmission rates under an RTO would result in net benefits or costs?
- **Revenues.** Do you expect that the adoption of uniform transmission rates under an RTO would result in a net increase or decrease of revenue for Oregon transmission owners?
- **Solutions.** Can you describe or identify potential solutions or mechanisms (e.g., examples from other RTOs) to address any adverse impacts related to transmission rates resulting from RTO formation?

Question #5: Transmission Rates

General Feedback:

- **Eliminating Pancaked Rates.** The elimination of pancaked transmission rates that occur when wheeling across multiple BAs is one of the “main reasons” to consider an RTO.
 - Because of how much power is currently wheeled bilaterally into Oregon to serve load, uniformed transmission rates are expected to be a net benefit to Oregon
 - The elimination of pancaked transmission rates will result in a “greater utilization” of Oregon’s abundant hydropower and wind resources.
 - Transmission optimization using uniform rates across a broad geographic area should “reduce congestion, increase reliability, and allow for more efficient use” of the transmission system
- **Using and Selling Transmission.** Because many utilities both use and earn revenue from transmission, RTO Formation could result in both (a) cost decreases for transmission usage, and (b) reduced revenues from transmission sales due to a reduction in rates.
- **Spreading Risk.** Multiple commenters identified RTO participation as beneficial in helping to spread risks associated with transmission investments over a larger number of participants
 - The actual “winners and losers” of socializing regional transmission costs depends heavily on the actual footprint of an RTO

Question #5: Transmission Rates

Transmission Rates:

- **Existing NW Rates.** End-users in the PNW “generally have significantly lower costs for transmission service” compared to other areas of WECC, and a uniform transmission rate could result in “significant rate increases” in low-cost areas
 - Uniform transmission rates “would not automatically bring about a reduction in rates to customers”
 - Analysis indicates RTO expansion “seems to result in reduced power costs, and increased transmission costs”
- **Economic Inefficiency.** The existing structure of pancaked rates are “a major source of economic inefficiency” that deters the use of the least-cost generation resources
 - The transmission costs to customers are “likely to decrease” if the utility needs to move power across several transmission systems
- **Total Costs.** Fixed costs associated with building, operating, and maintaining existing transmission “must ultimately be recovered from end-users” in an RTO construct or otherwise—the adoption of uniform rates would just change *how* these costs are allocated
- **Incentive Rates.** FERC’s recent proposal “to eliminate most incentive rates for transmission owners to join an RTO” will protect Oregon customers from paying higher costs

Question #5: Transmission rates

Transmission Revenues:

- **Market Design.** The total impact on revenues for Oregon transmission owners will depend upon market design—the state will need to ensure that the market design adequately compensates transmission owners for previous investments
- **Opportunity for Increased Revenues.** Multiple commenters identified the potential for increased revenues for transmission providers in Oregon driven by the increased numbers of customers seeking to use that system through an RTO.
 - Any increased transmission revenues from RTO participation should be socialized across the system as a reduction in rates for transmission customers
- **Potential for Reduced Revenues.** For an entity like BPA which earns significant transmission revenue from wheeling power to out-of-state entities, a reduction in those revenues could have an indirect adverse impact (i.e., increased transmission costs) on its retail customers in-state.
 - Some concern has also been identified about how any reduction in transmission revenues for transmission providers in Oregon could adversely impact investments to maintain those systems and thus threaten the long-term health of the regional transmission system.
- **Cost Shifts.** Transmission benefits must be weighed against the recovery of costs for existing transmission assets and existing transmission contracts—there are concerns about potentially unfair and unjust cost shifts amongst transmission customers

Question #5: Transmission rates

Potential Solutions:

- Several potential solutions were identified from other regions that can mitigate some of the challenges identified by members on previous slides:
 - **License Plate.** A ‘license plate’ rate prevents cost shifting to customers that were not part of the planning and approval process for an existing transmission asset. An RTO could utilize such a rate until those assets are fully paid, or as a transitional solution that phases in a re-allocation of costs across all participants over time.
 - **Zonal Transmission.** A zonal or distance-sensitive transmission charge or alternate RTO footprints could help to mitigate impacts, but may reintroduce pancaked rates for some customers.
 - **Congestion Revenue Rights.** Another alternative solution could be the development of congestion revenue rights that provide revenues to holders to offset otherwise increased costs
- Multiple commenters identified value, regardless of the particular solution, in considering a transitional or phased-in approach that migrates toward a more uniform, structured standard rate



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Public Comment

Haystack Rock, Cannon Beach

Public Comment

(1) Please state your name and any affiliation/organization

(2) Identify which agenda item you're responding to:

- Primary issue that you'd like to surface
- Issues we missed in the questions
- *Question #1:* Legal barriers
- *Question #2:* Oregon-specific costs & benefits
- *Question #3:* Oregon retail customers
- *Question #4:* Principles
- *Question #5:* Transmission rates

Each commenter will be limited to 5 minutes. Thank you!



Thank you!

For questions or more information:

Adam Schultz

Lead, Electricity & Markets Policy Group

Adam.Schultz@energy.Oregon.gov

The next meeting of the Oregon RTO Advisory Committee will be Wednesday, October 6, 2021.