

Managing Multiple RTOs within State Boundaries

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MISO-PJM-SPP Single Market Design

Positive aspects of this initiative

- Virtual RTO will provide one-stop shopping
- Larger market to buy and sell electricity
- Common market rules may alleviate some market power concerns
- Seams coordination

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Negative aspects of this initiative

- Change in trading patterns may result in congestion where it does not presently exist
- Energy market created at large cost to many, including retail bundled load, for the benefit of a few (marketers, IPP's, retail restructured customers)

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Negative aspects of this initiative (cont)

- Complexity of SMD and size of this combined market may create (new unknown) business opportunities

Jurisdictional Issues

- Concern with entities not under any jurisdiction (public power)
- Should (or can) states cede jurisdiction to the proposed RSC in areas of generation adequacy, transmission planning, etc. How would multiple RSC's within one state function in these areas?

Regional Planning/Transmission Expansion Issues

- New seams issues are created by artificial boundaries
- Different planning processes in multiple RTO's could lead to:
 - inefficient and inequitable siting decisions
 - reliability concerns
- Lack of incentives for building transmission to facilitate through and out transactions

Interconnection Issues

- Multiple RTOs results in increasingly complex analysis and may lead to large delays in getting interconnection studies completed and infrastructure on line
 - separate studies needed for each RTO
 - analysis of reliability versus economic analysis more difficult

General Concerns for States

- Time and budget constraints associated with participating in multiple RTO stakeholder processes
- Differing roles for states between RTOs
- Differing concerns between states within RTOs
- Time and budget issues in RSC involvement

Questions

- How can you have a meaningful planning process when there are so many different RTOs or non-participants?
- How can Independent Market Monitors (or MMUs), State Commissions and the FERC work together to ensure that market power abuses do not occur in such a large and complex market that covers many jurisdictions and RTOs?

Questions (cont.)

- Will there be unnecessary congestion with so many RTOs and non participants?
- Will CRRs or FTRs harm reliability by introducing speculation?
- With so many seams issues continuing, will there evolve a necessity to have one RTO in the Eastern Interconnection?