

IEPR Committee Workshop

Emerging Trends in the Western Interconnection

Western Electricity Coordinating Council: Restructuring

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Presentation: Restructuring WECC

1. Background
 - ✓ WECC Today: Why Restructure? Controversy?
2. Proposed Structure and Governance
 - ✓ Reliability Coordination Company: RCCo
 - ✓ Regional Entity (RE)
2. Proposed Functions: RCCo and RE
3. Funding
4. Implications for CA and the West?
4. Milestones/Actions: June 2013- January 2014



Current WECC Structure and Governance

- Seven stakeholder member classes
 - ✓ Large transmission owners, small transmission owners, generators/marketers, states/provinces, end-users, Canadians, other
- Large hybrid board – 34 members
 - ✓ Seven non-affiliated Directors
 - ✓ 26 stakeholder directors, elected by member classes
 - ✓ CEO
- 501(c)(6) entity: not for profit trade association



Why Restructure?

- Enhance reliability: avoid another Sept. 2011 Outage
- Respond to NERC and FERC
- Increase independence, oversight, and analysis
- Clarify reliability roles and responsibilities
- Allow participation in Event Analyses of outages
- Confirm funding mechanism



Controversial Issues: Largely Resolved

- Bifurcate into two entities:
 - ✓ Reliability Coordination Company (RCCo) [new]
 - ✓ Regional Entity (RE) [current WECC minus RCCo functions]
- Affiliations of board directors
- Number of member classes
- Advisory committee makeup
- Legal incorporation status
- Proposed funding mechanism
- Role of WI Reliability Advisory Body (WIRAB)



Proposed Bifurcation Structure

RCCo Board
7 Independent
Directors

WIRAB

Member Advisory
Committee

- 5 classes
- 3 members per class

RE Board
9 Independent
Directors

WIRAB

Member Advisory
Committee

- 5 classes
- 3 members per class



Proposed Governance: RCCo and RE

- Independent Boards of Directors
 - ✓ **RCCo** seven directors, **RE** nine directors
- Five member classes
 - large transmission owners; small transmission owners; generators/marketers; end users; states
- Strong Member Advisory Committees (MAC)
 - ✓ Three representatives/member class
 - ✓ Independent of Board
 - ✓ Provides member class perspective to Board
- 501(c)(4) entity – “best interest of public welfare”



Functions: Reliability Coordination Co.

- Reliability Coordination (real-time operating reliability, wide-area view)
- Authorizes implementation of balanced Interchange Schedules between Balancing Authority Areas and ensures communication (Interchange Authority)
- Has the authority to direct other functional entities to take actions to ensure that its Area operates reliably
- Next-day and seasonal planning
- EMS (energy management system) engineering/applications



Functions: Regional Entity (WECC)

- Standards development
- Compliance monitoring and enforcement
- Event Analyses
- Reliability assessment
- Resource adequacy assessment
- WREGIS
- Interconnection-wide transmission planning
- Transmission line path rating



Proposed Funding: RCCo and RE

- Petition for Declaratory Order regarding Section 215 funding for both entities
 - ✓ WECC filed with FERC March, 2013
 - ✓ WIRAB files in support April 2013
 - ✓ Decision possible May/June 2013
- Negotiated agreements with Canada and Mexico



Possible Implications for CA/West?

- WECC member classes lose direct representation with independent board
- Eastern directors may be more predominant?
- Independent board could be more inclined to RTO-like functions
- Contingency reserve requirements and standards for existing T-system operations could change
- Role and technical strength of traditional WECC standing committees could diminish
- Continuing structure and policy focus of T-planning uncertain



Controversial Issues: Pending

- Push by some Class 1 and 2 (transmission owners) for greater influence, particularly in RCCo
- Some objections to key bylaw changes
- Clarifying RE and RCCo relationship
 - ✓ data sharing
 - ✓ reliability focus
- Western Renewable Energy Generation Information System



Milestones: May-June 2013

- Regional meetings in May
- Membership votes on Bylaws
- Board approval of Bifurcation, RCCo Bylaws and WECC Bylaws Amendments
- Election of members for RCCo and RE (WECC) Member Advisory Committees

(June 27-29, 2013 WECC Annual Meeting/Board meeting San Diego)



Milestones: Fall/Winter 2013

- Nomination of Independent Directors
- Membership vote on WECC and RCCo directors
- October/November – FERC Orders?
 - ✓ Delegation agreement/amendment
 - ✓ WECC Bylaws
- RCCo goes live January, 2014?

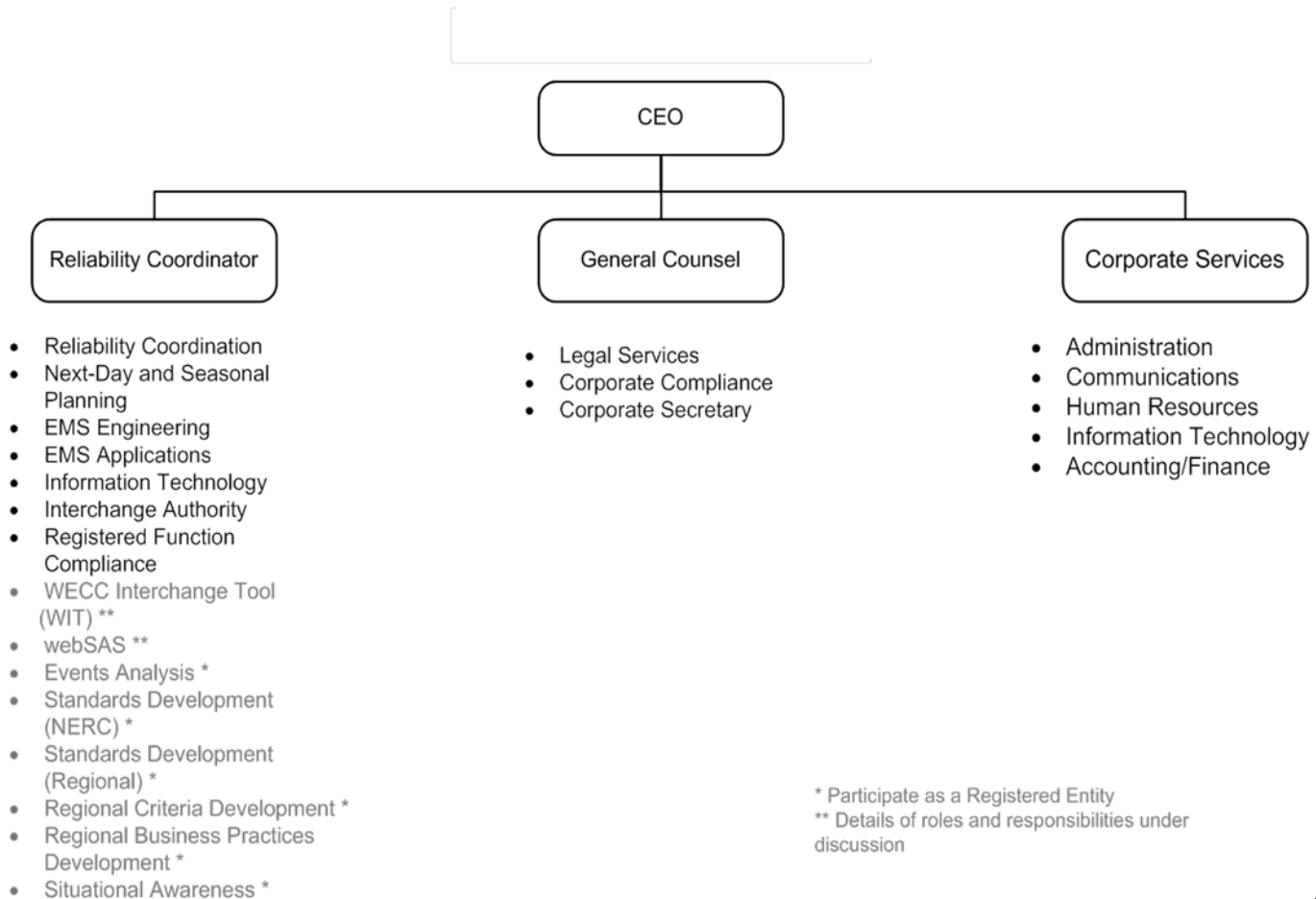


Actions: WECC Members/States

- Vote on RCCo Bylaws, WECC bylaw amendments
- Classes vote to select 15 person Member Advisory Committees (June 27, San Diego)
- Identify strong western candidates for independent directors on both boards of directors
- Support funding through Section 215 at FERC



Reference Slide: RCCo. Functions [DRAFT]



Reference Slide: RE Functions [DRAFT]

