

Office of Electricity Delivery & Energy Reliability Electric Markets Technical Assistance Program

FY2003 Grant Descriptions and Contact Information

Western Interconnection Multi-State Entity Development Project

The **Western Governors' Association** and its subsidiaries the **Western Interstate Energy Board (WIEB)** and the **Committee on Regional Electric Power Cooperation (CREPC)** will use funds from both a direct DOE grant and through access to DOE-funded technical experts at the **Lawrence Berkeley National Laboratory** and the **Regulatory Assistance Project** to work on the many issues involved in the consideration of establishing a Multi-State Entity (MSE) to address regional electric power issues in the Western Interconnection of the U.S. electric grid.

Generally, an MSE is a voluntary association of states within an electrically-appropriate geographic region that would foster regional coordination on issues such as resource adequacy, transmission planning and expansion, transmission rate design and revenue requirements, market power monitoring, demand response, etc. The concept of a "multi-state entity" was developed by the National Governors' Association under a 2001 DOE grant on electric infrastructure. The Federal Energy Regulatory Commission (FERC) calls these regional advisory bodies "regional state committees" and views them as essential to functioning regional wholesale electric markets.

The nation's first MSE, the Organization of Midwest States (OMS) was recently formed to work in the states covered by the Midwest Independent System Operator (MISO).

Over an 18-month period, the WGA will examine all the key issues states believe need to be addressed to determine whether and what type of MSE would be appropriate for the Western Interconnection. This will be accomplished through the establishment of a project steering committee of governors and Western state regulatory and energy agency staff and topical work groups.

Regional stakeholders, including governors, regulators, the Western Electricity Coordinating Council, legislators, and nascent Western Regional Transmission Organizations, will be consulted throughout the project. Additionally, there will be a regional stakeholders meeting to review draft recommendations to governors.

The outcome is hoped to be an up-and-running Multi-State Entity in the West that will ensure that Western regional electric infrastructure issues are addressed in a timely manner.

See a **November 2003 presentation** for more information.

Work completed by DOE-supported technical experts, done in support of WIEB and CREPC, includes "**Electric System Decision Making in Other Regions: A Preliminary Analysis**," published in October 2003 by the Regulatory Assistance Project, and "**A Review of Market Monitoring Activities at U.S. Independent System Operators**", published by Lawrence Berkeley National Laboratory in January 2004. RAP released a draft of "**Transmission Planning: Institutional Issues in the West**" in January 2004.

LBNL presented a **Review of Utility Resource Plans in the West** (preliminary results) and **Demand Response National Trends: Implications for the West** at the March 24-26, 2004, **CREPC** meeting. LBNL also participated in the West-Wide Resource Assessment Team's presentation entitled **Western Resource Adequacy: Challenges — Approaches — Metrics**.

In addition, **FY2000 grants** to the **National Council on Electricity Policy**, the **National Conference of State Legislators**, and the **Regulatory Assistance Project (RAP)** were continued in FY2003. Some of the FY2003 funding went to support the National Council on Electricity Policy's and the Regulatory Assistance Project's roles in the **New England Demand Response Initiative (NEDRI)**.

Western Interconnection Demand Response Team

This Western Governors' Association project will provide decision makers in the western states with information on near-term steps that can be taken to address immediate power supply constraints using demand management techniques. Scheduled deliverables include a research paper and a regional workshop.

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Demand Responsiveness for Electric Reliability

This National Association of State Energy Officials (NASEO) project will provide state decision makers across the country with information on "cutting edge programs" and near-term steps that can be taken to address immediate power supply constraints using demand management techniques. Scheduled deliverables include briefing papers and various educational materials.

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Market-Based Incentives

This National Association of Energy Service Companies (NAESCO) project will provide state decision makers across the country with information on the relative merits of near-term steps that can be taken to address immediate power supply constraints using two distinct demand management techniques: 1) market transformation

programs and 2) resource acquisition strategies. Case studies will be performed and scheduled deliverables include presentation materials and two regional workshops.

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Reliability-Focused Energy Efficiency

This American Council for an Energy Efficient Economy (ACEEE) project will provide decision makers with information on steps that can be taken to address immediate power supply constraints using demand management techniques. Technical assistance and a summary report will be provided.

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