

VOTE SHEET

AUGUST 20, 2002

RE: Docket No. 020233-EI - Review of GridFlorida Regional Transmission Organization (RTO) Proposal.

ISSUE 1: Do the following changes to the structure and governance of the GridFlorida proposal comply with Commission Order No. PSC-01-2489-FOF-EI:

- a. Acting by written consent by the Board of Directors; and
- b. Participating in or listening to Board of Directors' conference calls?

RECOMMENDATION: Yes. The Commission should find that the changes made to the structure and governance of the GridFlorida proposal are in compliance with Commission Order No. PSC-01-2489-FOF-EI.

**APPROVED**

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

*Gregory Bradley*

*[Signature]*

*[Signature]*

*[Signature]*

*Michael A. Paladino*

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REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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ISSUE 2A: Do the following changes to the structure and governance of the GridFlorida proposal comply with Commission Order No. PSC-01-2489-FOF-EI:

- a. Quantity of members and composition of the Board Selection Committee;
- b. Role of the Stakeholder Advisory Committee in regard to the Board of Directors and the Board Selection Committee;
- c. Adequacy of Information Policy to provide guidance on public versus confidential RTO information;
- d. Exclusion of the Board of Directors from the Sunshine Requirements;
- e. Applicants "causing" candidates for the Board of Directors to become Directors;
- f. Guidelines to determine discretionary closed meetings of the Board of Directors; and
- g. Elimination of "Planning Bill of Rights"?

RECOMMENDATION: Yes. The Commission should find that the changes made to the structure and governance of the GridFlorida proposal are in compliance with Commission Order No. PSC-01-2489-FOF-EI.

**APPROVED**

ISSUE 2B: Do the following changes to the structure and governance of the GridFlorida proposal comply with Commission Order No. PSC-01-2489-FOF-EI:

- a. Board, committee, subcommittee, and working group meetings being open to the public; and
- b. Sufficiency of the Proposed Code of Conduct?

RECOMMENDATION: Yes. The Commission should find that the changes made to the structure and governance of the GridFlorida proposal are in compliance with Commission Order No. PSC-01-2489-FOF-EI.

**APPROVED**

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ISSUE 2C: Should the Commission order GridFlorida to make additional changes to its structure and governance related to:

- a. Board, committee, subcommittee, and working group meetings being open to the public; and
- b. Sufficiency of the Proposed Code of Conduct?

RECOMMENDATION: Yes. The Commission should order GridFlorida to clarify that all meetings of the Advisory Committee, subcommittees and working groups are noticed and open to the public. In addition, the Commission should order GridFlorida to clarify the Code of Conduct by inserting, on page 8, Section K, the words "and GridFlorida's Independent Compliance Auditor to" at the end of the sentence between "FRC" and "audit"; and in Section II.D.1, the words "GridFlorida Independent Compliance Auditor" should replace the words "Board of Directors of GridFlorida."

# APPROVED

ISSUE 2D: Do the following changes to the planning and operations aspects of the GridFlorida proposal comply with Commission Order No. PSC-01-2489-FOF-EI:

- a. MISO and GridFlorida Planning Protocol;
- b. Eminent domain;
- c. Initial adoption of Participating Owners' existing Ten Year Site Plans;
- d. Requirement to evaluate generation and demand side management alternatives;
- e. Quality and quantity of public information;
- f. Ad Hoc Working Groups;
- g. The FRCC and NERC role in the RTO;
- h. Exemption from certain operating requirements; and
- i. 69kV demarcation point?

RECOMMENDATION: Yes. The Commission should find that the changes made to the planning and operations aspects of the GridFlorida RTO proposal are in compliance with Commission Order No. PSC-01-2489-FOF-EI.

# APPROVED

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ISSUE 2E: Do the following changes to the planning and operations aspects of the GridFlorida proposal comply with Commission Order No. PSC-01-2489-FOF-EI:

- a. Determination of Available Transmission Capacity (ATC), Capacity Benefit Margin (CBM), and other line ratings;
- b. Transmission provider project rejection; and
- c. Competitive bidding process for transmission construction projects?

RECOMMENDATION: Yes. The Commission should find that the changes made to the planning and operations aspects of the GridFlorida proposal are in compliance with Commission Order No. PSC-01-2489-FOF-EI.

**APPROVED**

ISSUE 2F: Should the Commission order GridFlorida to make additional changes to the planning and operations aspects related to:

- a. Determination of Available Transmission Capacity (ATC), Capacity Benefit Margin (CBM), and other line ratings;
- b. Transmission provider project rejection; and
- c. Competitive bidding process for transmission construction projects?

RECOMMENDATION: Yes. The Commission should order GridFlorida to adopt the language identified in the analysis portion of staff's August 8, 2002 memorandum to clarify: that CBM is taken into account when calculating the ATC used by GridFlorida; that the requirement to reject projects is clearly conferred upon the transmission provider; and that the bidding process is not biased towards POs.

**APPROVED**

ISSUE 2G: Does the proposed transmission rate structure consisting of charges for (1) existing embedded facilities, (2) an adder to recover TDU facilities not included in the zonal rate, (3) new network facilities, and (4) Grid Management comply with Commission Order No. PSC-01-2489-FOF-EI?

RECOMMENDATION: No. The proposal preserves Commission jurisdiction over only existing bundled retail transmission costs, and only for the initial five-year period of RTO operations. The Commission's December 20 Order

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provides that the Commission should retain jurisdiction over the total cost of transmission to retail customers on a going-forward basis. At the end of the initial five-year operation of the RTO, the Commission should review the transmission rate structure, given the operation of the RTO and the competitive market conditions in Florida.

# APPROVED

ISSUE 3A: Were the following changes to the planning and operations aspects of the GridFlorida proposal necessary to comply with Commission Order No. PSC-01-2489-FOF-EI:

- a. Comparability of service to all LSEs; and
- b. POs and Third Party Agreements?

RECOMMENDATION: Yes. The Commission should find that the changes to the planning and operations aspects of the GridFlorida proposal were necessary and therefore comply with Commission Order No. PSC-01-2489-FOF-EI.

# APPROVED

ISSUE 3B: Were the following changes to the planning and operations aspects of the GridFlorida proposal necessary to comply with Commission Order No. PSC-01-2489-FOF-EI:

- a. Attachment T cutoff date; and
- b. POMA termination provision?

RECOMMENDATION: No. The Commission should find that the original language in Attachment T was appropriate in setting December 15, 2000, as the demarcation date and that the new language should be stricken. The Commission should find that Sections 4.3 and 5.6 of the POMA should be eliminated.

# APPROVED

*The order regarding section a. is to be issued as PAA; section b. is final action.*

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ISSUE 4A: Should the Commission approve the proposed method for mitigating the cost shifts resulting from the loss of revenues under existing long-term transmission agreements?

RECOMMENDATION: Yes. The Commission should, however, reexamine the potential impact of the phase-out of existing long-term contract revenues at the end of the initial five-year period of RTO operations.

**APPROVED**

ISSUE 4B: Does the proposed method for alleviating cost shifting from the elimination of short-term transmission revenues comply with Commission Order No. PSC-01-2489-FOF-EI?

PRIMARY RECOMMENDATION: No. Transmission owners should be fully compensated for the loss of short-term transmission revenues for the first five years of RTO operation.

**DENIED**

ALTERNATIVE RECOMMENDATION: Yes. The proposed method for alleviating cost shifting from the elimination of short-term transmission revenues complies with the Commission's December 20 Order. It provides immediate benefits to the participants in the RTO and should be implemented. Any adversely affected utility must balance the benefits of participating in the RTO with the commensurate costs.

**APPROVED**

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ISSUE 4C: Should the Commission approve the proposed method to recover incremental transmission costs as included in the GridFlorida proposal?

RECOMMENDATION: Yes. While the Commission's December 20 Order did not make a determination of the most appropriate mechanism for recovery of costs associated with GridFlorida, staff believes sufficient information is available for the Commission to make such a determination. The Commission should authorize each applicant to recover its incremental transmission costs approved by the FPSC through the capacity cost recovery clause.

## APPROVED

ISSUE 5: Does the market design included in the modified GridFlorida proposal comply with Commission Order No. PSC-01-2489-FOF-EI?

RECOMMENDATION: No. The revised market design includes (1) financial transmission rights for transmission capacity allocation; (2) unbalanced schedules with a voluntary day-ahead market; (3) market clearing prices for balancing energy and congestion management; and (4) sharing of gains on real-time energy sales. As such, the revised GridFlorida market design is not in compliance with Commission Order No. PSC-01-2489-FOF-EI, which required (1) physical transmission rights; (2) balanced schedules; and (3) get-what-you-bid pricing for balancing energy and congestion management. The revisions proposed by GridFlorida may be beneficial to retail ratepayers and assist in the efficient operation of the RTO. In order to adequately justify the new provisions, the GridFlorida Companies should be directed to file a petition not later than 30 days from the Commission's vote on this issue. Such a filing will allow the Commission to conduct an expedited evidentiary hearing on the merits of the revised market design proposal and would be consistent with the requirements of Order No. PSC-01-2489-FOF-EI.

## MODIFIED

*Approved with the modification that the GridFlorida companies are to file petitions and testimony within 30 days of this vote. The parties are encouraged to identify areas for consensus and advise staff of areas for stipulation to allow a vote on this matter as quickly as possible. Additionally, any protested PAA issues will be rolled into this proceeding.*

*The order on this decision is to be expedited.*

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ISSUE 6: Should this docket be closed?

RECOMMENDATION: The docket should be closed after the time for filing an appeal has run on those issues resolved as final agency action, or upon issuance of a consummating order on those issues resolved by proposed agency action, whichever occurs later. If no person whose substantial interests are affected by proposed agency action taken by the Commission on any issue in this docket files a protest, the docket should be closed after the time for filing an appeal has run on the issues resolved as final agency action, or upon issuance of a consummating order on the issues resolved by proposed agency action, whichever occurs later.

**DENIED**

*The docket is to remain open for completion of the hearing.*