

State of Florida



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: September 30, 2002
TO: All Parties of Record and Interested Persons
FROM: Jennifer Brubaker, Esquire, Office of the General Counsel JSB
RE: Docket No. 020233-EI - Review of GridFlorida Regional Transmission Organization (RTO) Proposal

VIA FACSIMILE AND E-MAIL TRANSMISSION ONLY

On September 23, 2002, Commission staff provided by facsimile transmission a notice of an issue identification meeting to be held October 2, 2002, between Commission staff and parties to the above-captioned docket.

Attached is staff's preliminary issues for the market design and protested issues. In light of the time frame afforded for the hearing in this matter, please note that an additional purpose of the meeting will be to seek consensus on issues for possible stipulation.

If you have any questions about the meeting, please call Jennifer Brubaker at (850) 413-6228, or e-mail at jbrubake@psc.state.fl.us.

JSB/dm

cc: Division of the Commission Clerk and Administrative Services
Division of Economic Regulation (Ballinger, Bohrmann, Breman, E. Draper, Floyd, Harlow, Hewitt, Kummer, Wheeler)
Division of Competitive Markets and Enforcement (Futrell, Trapp)
Division of External Affairs (Dean)
Division of Market Monitoring and Strategic Analysis (Bass, Buchan, Butler, Collins, Groom, Lowe, Noriega)
Office of General Counsel (Keating)

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FPSC-COMM-0316.1 CLERK

STAFF'S DRAFT ISSUES LIST FOR MARKET DESIGN/PAA HEARING
DOCKET NO. 020233-EI

MARKET DESIGN ISSUES

Issue 1: Should the FPSC issue a final order directing the GridFlorida Companies to develop a detailed market design structure and a transmission tariff based on the following principles:

- (A) Congestion management and energy markets based on financial rights and locational marginal pricing concepts.
- (B) A voluntary day-ahead market and a real-time market, with mechanisms to protect against undue reliance on the real-time market.
- (C) Payments of market clearing prices calculated on a nodal basis, with a substantial portion of each GridFlorida Company's gain on sales in the GridFlorida energy markets allocated to retail customers.
- (D) Mechanisms to ensure resource adequacy, which would allocate capacity requirements on an individual load serving entity (LSE) basis.
- (E) Allocation of financial transmission rights to existing users. This would include an annual re-allocation for new resources and to reflect native load growth.
- (F) Market power mitigation measures to provide safeguards against abuses of market power.
- (G) A hierarchical control system, wherein existing control areas may be maintained, but GridFlorida would be responsible for the short-term reliability and overall performance of the system.

Issue 2: Should the GridFlorida companies develop the details of the proposed market design with stakeholder input, subject to FPSC staff review, and ultimately file with the FERC for approval?

PROTESTED ISSUES

Issue 3: Should Capacity Benefit Margin (as defined by NERC) be taken into account when calculating Available Transfer Capability?

Issue 4: What is the appropriate cutoff date for grandfathering existing transmission agreements?

Issue 5: What is the appropriate cutoff date for grandfathering existing transmission facilities?

Issue 6: Is the proposal by the Joint Applicants to mitigate the impacts of cost shifting due to the elimination of short term wheeling revenues appropriate?

Issue 7: Should this docket be closed?