



OREGON
DEPARTMENT OF
ENERGY

Regional Transmission Organization Study: Oregon Perspectives

Senate Interim Committee on Energy & Environment

Adam Schultz

Lead, Electricity Markets & Policy Team

June 3, 2022



OREGON DEPARTMENT OF ENERGY

Leading Oregon to a safe, equitable, clean, and sustainable future.

Our Mission

The Oregon Department of Energy helps Oregonians make informed decisions and maintain a resilient and affordable energy system. We advance solutions to shape an equitable clean energy transition, protect the environment and public health, and responsibly balance energy needs and impacts for current and future generations.

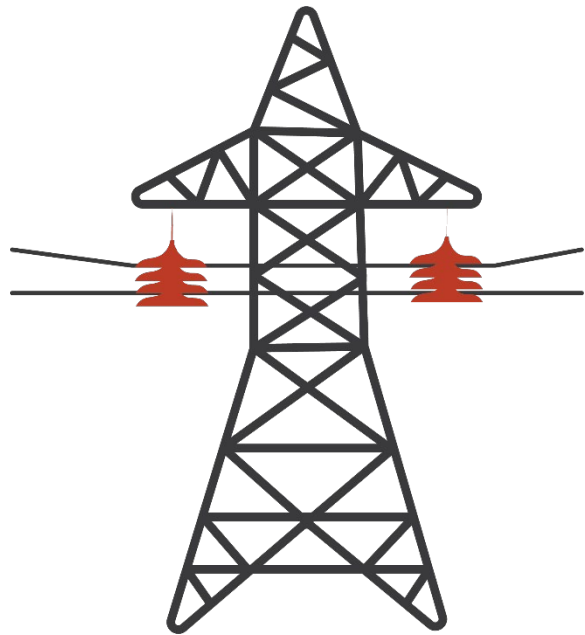
What We Do

On behalf of Oregonians across the state, the Oregon Department of Energy achieves its mission by providing:

- A Central Repository of Energy Data, Information, and Analysis
- A Venue for Problem-Solving Oregon's Energy Challenges
- Energy Education and Technical Assistance
- Regulation and Oversight
- Energy Programs and Activities

Regional Transmission Organization Study

In 2021, [SB 589](#) directed ODOE to conduct a study of RTO formation. ODOE's objective was to gather and synthesize the range of perspectives on the benefits, costs, opportunities, challenges, and risks of RTO formation that exist among a diverse range of Oregon stakeholders.



Study Timeline

July 2021: Formed Stakeholder Advisory Committee

August/September 2021: Responses to RTO scoping questions

September/October 2021: Advisory Committee meetings

December 2021: Report submitted to the Legislature

Oregon RTO Advisory Committee

Senator Kathleen Taylor

Commissioner Letha Tawney, Oregon Public Utility Commission

Scott Coe, Emerald People's Utility District

Robert Echenrode, Umatilla Electric Cooperative

Sarah Edmonds, Portland General Electric

Travis Eri, International Brotherhood of Electrical Workers Local 125

Spencer Gray, Northwest & Intermountain Power Producers Coalition

Ex Officio Members:

Ravi Aggarwal, Bonneville Power Administration

Kathy Anderson, Idaho Power

Mike Goetz, Oregon Citizens' Utility Board

Representative Pam Marsh

Kristen Sheeran, Governor's Office

Amira Streeter, Governor's Office

Nicole Hughes, Renewable Northwest

Frank Lawson, Eugene Water & Electric Board

Oriana Magnera, Verde

Lindsey Schlekeway, PacifiCorp

Fred Heutte, Northwest Energy Coalition

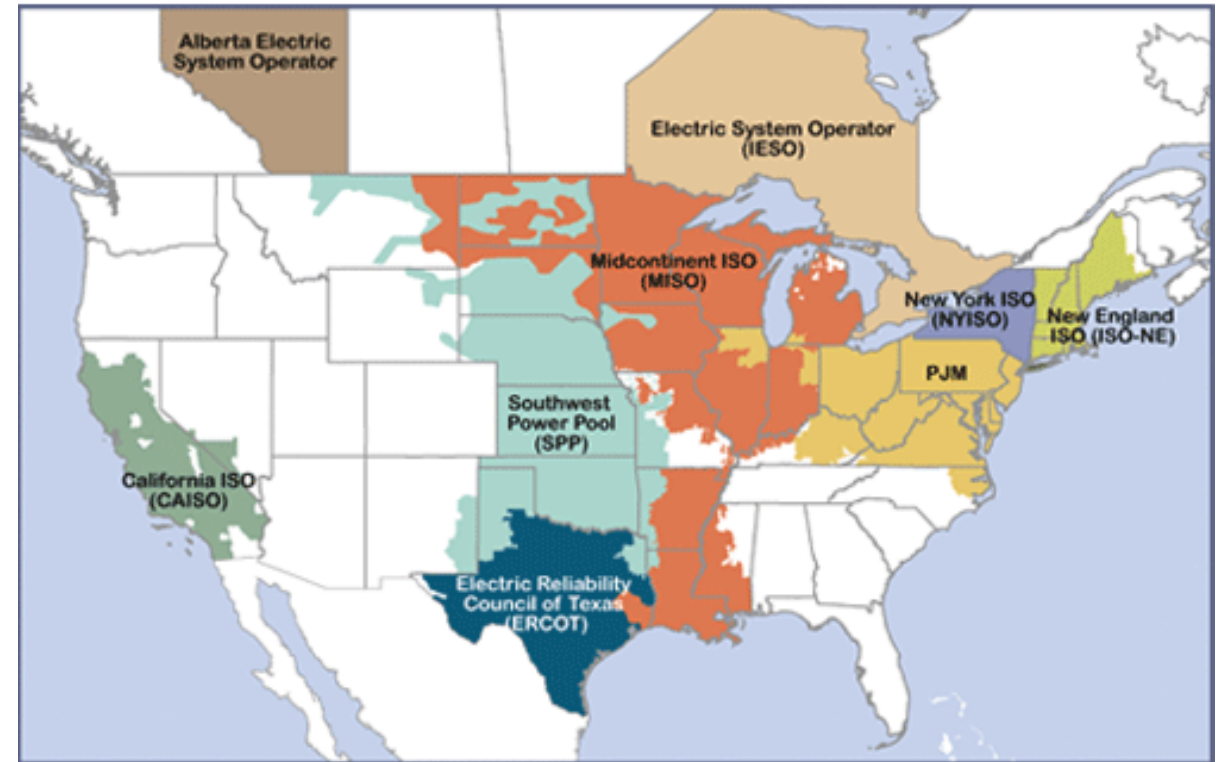
Ben Kujala, Northwest Power Council

Mary Pleasant, Oregon Department of Environmental Quality

What is a Regional Transmission Organization?

RTO Background:

- Seven RTOs across USA, optimizing supply & demand over large geographic areas
- **Energy.** Centralized day-ahead and real-time energy markets
- **Transmission.** Centrally operate & optimize transmission + ensure open access
- **Capacity.** Variation in RTO involvement in capacity planning, procurement, and Resource Adequacy

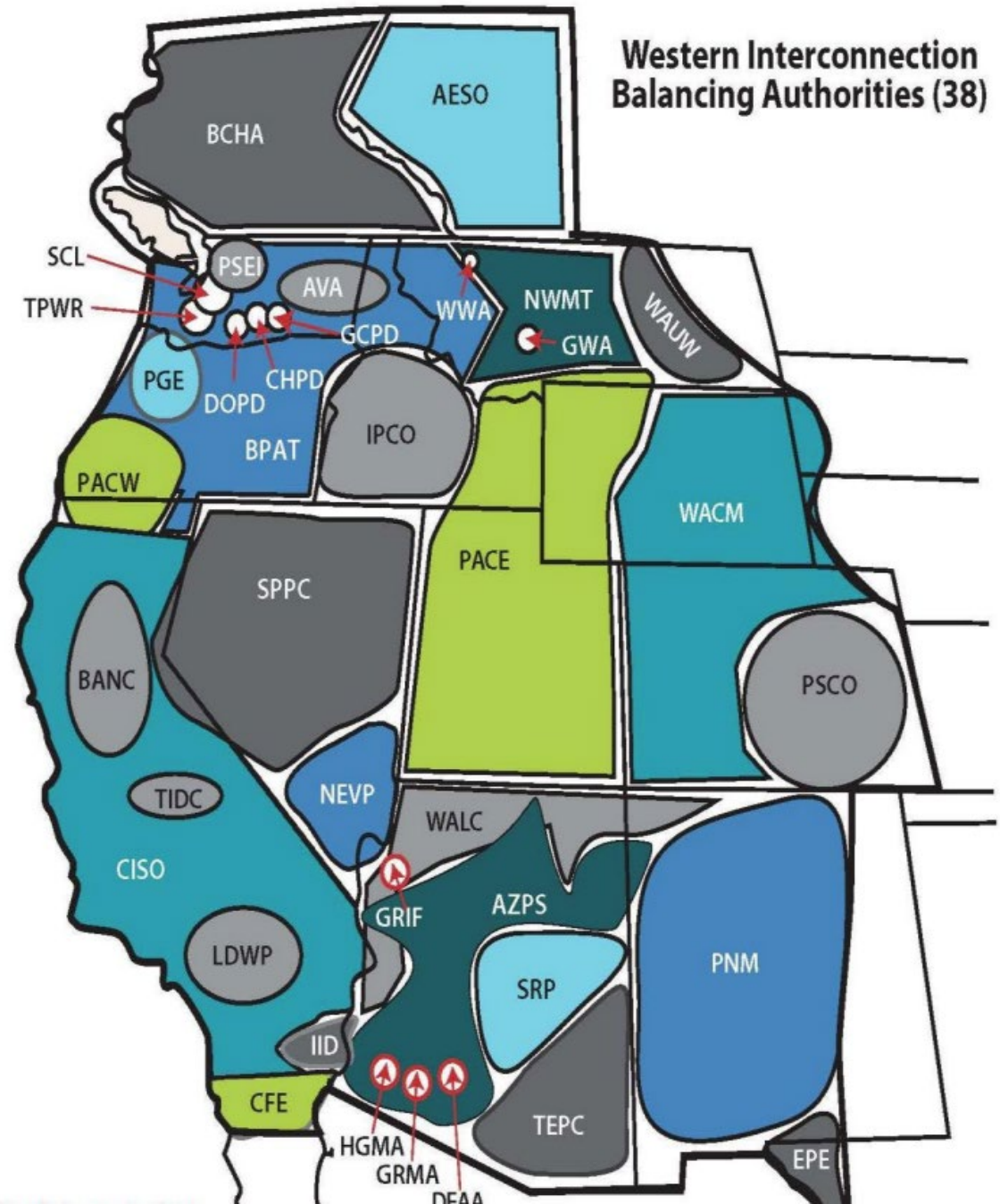


Source: [FERC](https://www.ferc.gov)

How does it work without an RTO?

Bilateral Transactions

- One-off agreements between willing buyers and sellers to exchange electricity (energy), capacity, or grid services



Source: [Synapse](#)

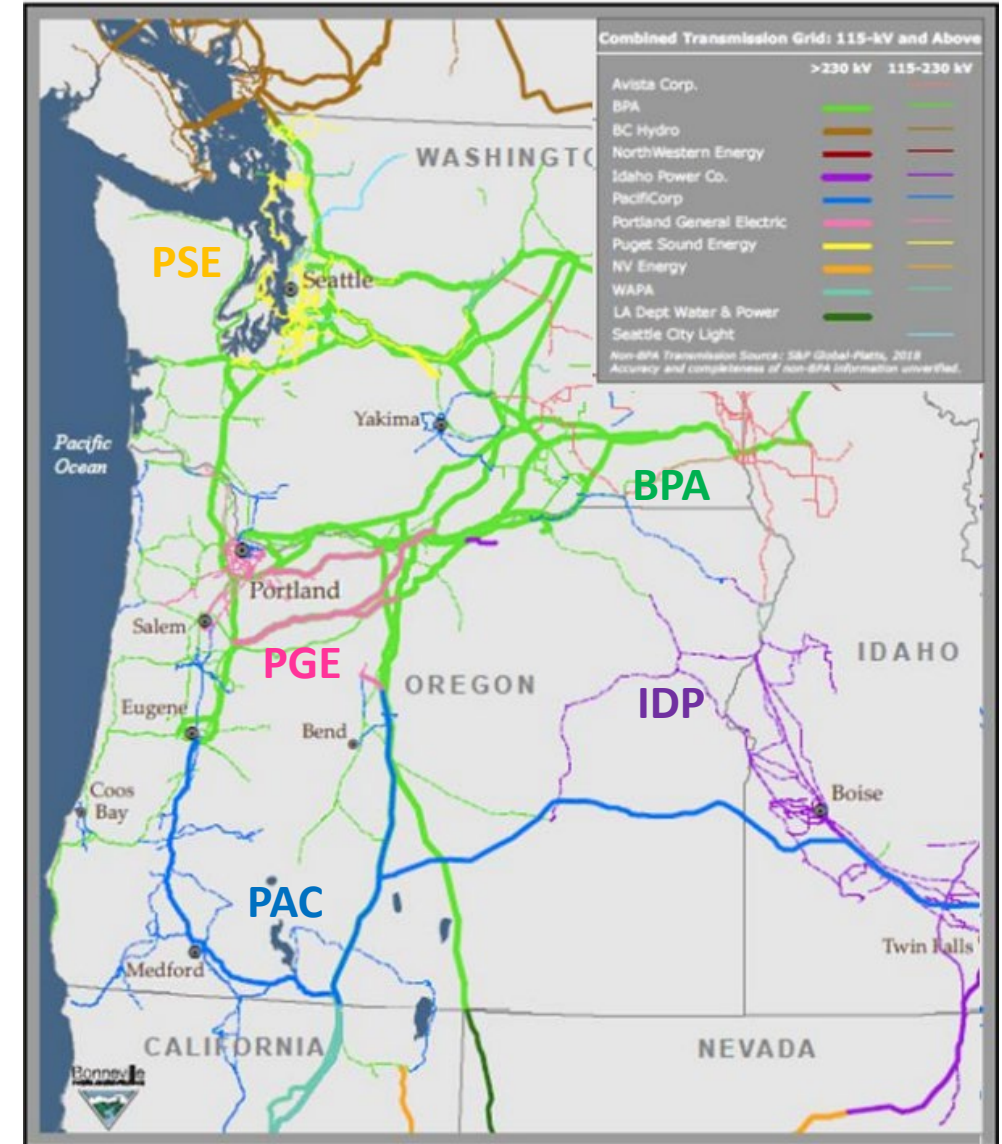
How does it work without an RTO?

Bilateral Transactions

- One-off agreements between willing buyers and sellers to exchange electricity (energy), capacity, or grid services

Transmission Wheeling

- Scheduling transmission deliveries from one Balancing Authority to another, sometimes moving power across transmission operated by multiple providers



Source: [BPA](#)

Scoping Questions & Written Feedback

ODOE developed questions to solicit written feedback from the RTO Advisory Committee on the following topics:

- Legal barriers
- Oregon-specific costs and benefits
- Oregon retail customers
- Principles
- Transmission rates
- Transmission planning & operation
- Renewables
- Environmental impacts
- Climate resilience
- Governance
- Market design

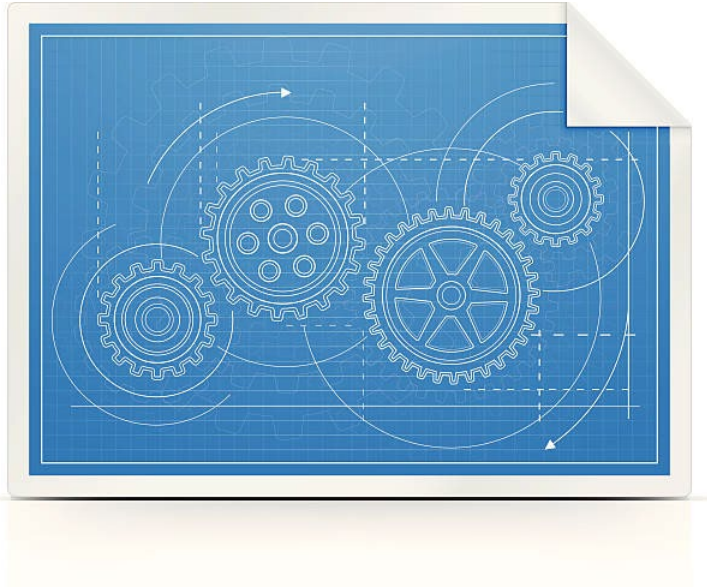
Public Meetings: RTO Advisory Committee

Public meetings:

- ODOE convened two remote public meetings in September and October 2021
- Goal not to reconcile opposing perspectives or develop consensus, but to understand and document the range of perspectives
- Recordings of these meetings are archived and available on ODOE's [RTO Study webpage](#)



General Feedback



Lack of Specific Design:

- With so many consequential variables, members of the committee noted the difficulty in providing feedback about RTO formation in the abstract
- Oregon-specific analysis of the costs and benefits is likely unnecessary absent a specific RTO proposal

State role in the meantime:

- State can play an important role to support the interests of stakeholders by understanding and representing their perspectives in regional forums

Building on Momentum

Is this time different?

- Previous efforts to form an RTO in the northwest have failed
- Conversations now have unique drive and urgency, occurring amidst regional momentum

Building on momentum:

- Varied perspectives on how to build upon current momentum + end goal for Oregon
- But wide agreement that regionalization can help state achieve its climate goals

Recent Milestones



Widespread Agreement

Potential Benefits of RTO Formation:

- Identified widespread – but not universal – agreement that RTO formation could deliver substantial benefits to Oregonians

Balance competing interests:

- Coordination needed to delicately balance interests among different utilities, state and federal entities, multiple states, and other stakeholders



RTOs are not a Universal Problem-Solver:

- Benefits could be significant, but important to acknowledge the issues an RTO would not solve, such as siting/permitting challenges and crowded interconnection queues

Challenges: Governance & Market Design

Challenges:

- Focus of our discussions less about specific benefits, and more about the challenges and barriers to RTO formation

Not One Size Fits All:

- Each RTO is unique, resulting from intentional compromise and negotiation among its members



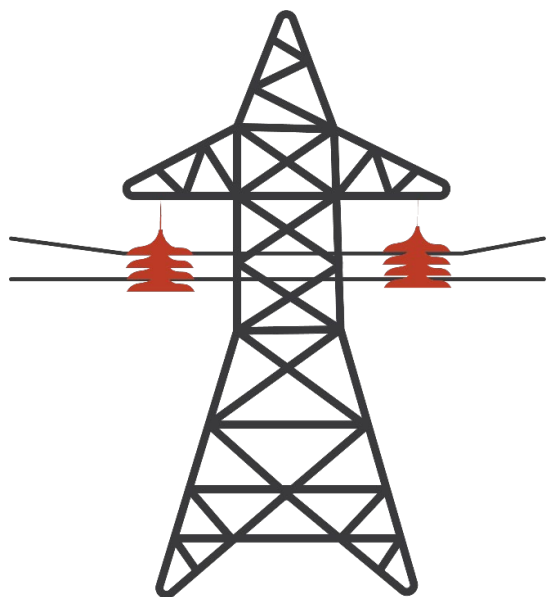
Governance:

- Designing balanced governance perhaps the biggest challenge, which increases in complexity as the geographic footprint of an RTO increases

Important Design Questions:

- How to... Assure meaningful role for diverse voices? Address BPA's unique statutory considerations? Align RTO with existing regulatory mechanisms and state policy? Incorporate state objectives around equity, environmental justice, and resilience?

Other Important Considerations



Equity and Environmental Justice:

- Does design of the RTO and ongoing governance center equity and environmental justice perspectives?

State Policy:

- Does RTO design prevent an erosion of state authority and help achieve state policy objectives?
- Stakeholders identified studies suggesting an RTO could actually be required to achieve HB 2021's carbon targets

Legacy Transmission:

- Converting legacy transmission contracts into an RTO presents a northwest-specific challenge

Resilience:

- How can resilience considerations be incorporated into the design of an RTO?



Thank you!

Adam Schultz

Lead, Electricity & Markets Policy Group

Oregon Department of Energy

Adam.Schultz@energy.Oregon.gov

www.oregon.gov/energy



OREGON
DEPARTMENT OF
ENERGY