



ISO/RTO Performance Metrics Staff Report

- Item No: A-4
- October 21, 2010

Mr. Chairman, Commissioners, good morning.

Background

- U.S. Senate Committee on Homeland Security and Governmental Affairs request for investigation of ISOs/RTOs
- Government Accountability Office recommendations

Today's report is being submitted in response to recommendations of the Government Accountability Office. The Government Accountability Office recommendations on performance metrics were made in response to a request of the U.S. Senate Committee on Homeland Security and Governmental Affairs for an investigation of ISO/RTO operations and costs. The recommendations are that the Chairman work with RTOs, stakeholders and experts to develop standardized measures to track the performance of RTO operations and markets, and report the performance results to Congress and the public while also providing an interpretation of (1) what the measures and reported performance communicate about the benefits of RTOs and, where appropriate (2) changes that need to be made to address performance concerns.

The ISO/RTO Performance Metrics are also part of the Metrics Initiative in the Commission's Strategic Plan.

Report Development

- Commission Staff develops proposed performance metrics
- Discussions with ISOs/RTOs and stakeholders
- Request for comments
- 59 parties provide comments

Commission Staff initiated the process of developing performance metrics by developing a broad range of metrics designed to track the operational and market performance of ISOs/RTOs in three specific areas: reliability, markets and organizational effectiveness. The proposed metrics were then discussed with ISOs/RTOs and stakeholders to determine the availability of data and to assess the value of the metrics to stakeholders. Commission Staff then issued a request for comments on the proposed metrics. 59 parties -- representing a broad spectrum of industry, consumer interests, state regulators and other expert perspectives -- provided comments and reply comments.

Recommended Metrics

- Organizational effectiveness (5)
- Market performance and efficiency improvements (17)
- Short and long term reliability (35)

These perspectives are discussed and taken into account in the metrics being recommended in today's report. The report recommends a total of 57 metrics: 5 of which measure the organizational effectiveness of ISOs and RTOs, 17 of which measure market performance and efficiency improvements and 35 of which measure reliability performance. The performance metrics encompass consumer cost and competition measures. The metrics also track efficiency improvements, such as congestion management and resource availability, and operations performance in measures such as administrative costs per unit of load.

Incorporated into the metrics are measures of the impact of demand response on short-term and long-term reliability and consumer costs. The reliability measures track both short-term operational reliability in metrics such as compliance with national and regional reliability standards and long-term reliability in transmission planning and reserve margin measures.

Next Steps

- ISOs/RTOs submit reports
- Develop consolidated report
- Performance metrics for non-ISO/RTO regions

We are requesting that the ISOs and RTOs submit reports that incorporate the recommended metrics.

Commission Staff will use the information provided by these reports to develop a consolidated report that will explain what the measures and reported performance metrics communicate about the benefits of ISOs/RTOs and, where appropriate, to identify changes that may need to be made to address any performance concerns.

Finally, in fiscal year 2011 Commission Staff will initiate a voluntary and collaborative process - similar to the process used with ISOs/RTOs - for developing performance metrics in non-ISO/RTO regions.

This concludes our presentation and we will be glad to answer any questions.



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That concludes our presentation, we will be happy to answer any questions.