

Development of Direct Cost Assignment Factors

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Define Functions

- Initial tasks involved defining ISO's functions and associated subfunctions
 - Grid Reliability Services
 - *Core Reliability Services*
 - *Energy Transmission Services*
 - Market Services
 - *Forward Scheduling*
 - *Congestion Management*
 - *Market Usage and Services*
 - Settlements, Metering & Client Relations

Subfunctionalizing Grid Services

- Numerous meetings with the Grid Ops managers to establish the definitions of core and scalable services
- Discussed Grid Ops activities by Cost Center down to the “micro” level during this process
- Established working definitions that managers used in assigning personnel between core and scalable activities

Break apart Grid Services Cost Centers Between GRS & ETS

- Identified core services, *i.e.*, basic level of reliable operation of a Control Area with similar geography surrounded by other control areas
- Determined which personnel conduct these core activities.
- Identified scalable activities, *i.e.*, managing energy imbalances and transmission flows beyond those in the core Control Area.
- Determined which personnel conduct these scalable activities.

Subfunctionalizing Market Services

- Number of meetings with managers to develop definitions of scheduling, market usage, and congestion management
- Discussions addressed Market Services activities at a “micro” level
- Established the working definitions for the managers to divide personnel at the cost center level between the three subfunctions

Break Apart Market Services between CONG, Forward Scheduling & Market Usage

- Used current definition of congestion management, *i.e.*, operation of inter-zonal congestion markets, using adjustment bids, taking Firm Transmission Rights and Existing Transmission Contracts into account, and determining the price for mitigating congestion for flows on congested paths
- Determined which personnel conduct these congestion management activities.

Break apart Market Services- cont.

- **Identified forward scheduling, *i.e.*, processing, reviewing & verifying forward schedules submitted by SCs.**
- **Determined which personnel conduct these scheduling activities.**
- **Identified market usage, *i.e.*, processing bids, monitoring market performance, and determining market prices.**
- **Determined which personnel conduct these market usage activities.**

Settlements, Metering & Client Relations

- Similar to traditional definitions associated with customer access
- Includes metering, preparing settlement statements, answering customer inquiries
- Meetings held with managers of cost centers to establish working definition for them to use in determining which personnel perform these activities

Capital Costs

- Performed analysis on a system-by-system basis
- Meetings held with technical staff from Grid Ops and Market Services
- Where it was possible to measure the traffic on a particular system, this information was used to quantify cost assignment, *e.g.*, SI system

Capital Costs-cont.

- Where no quantification was available, used information provided by technical staff about the use of the systems to determine the appropriate cost assignment
- Where system use is very broad, *e.g.*, Oracle system or PCs, used more general allocators