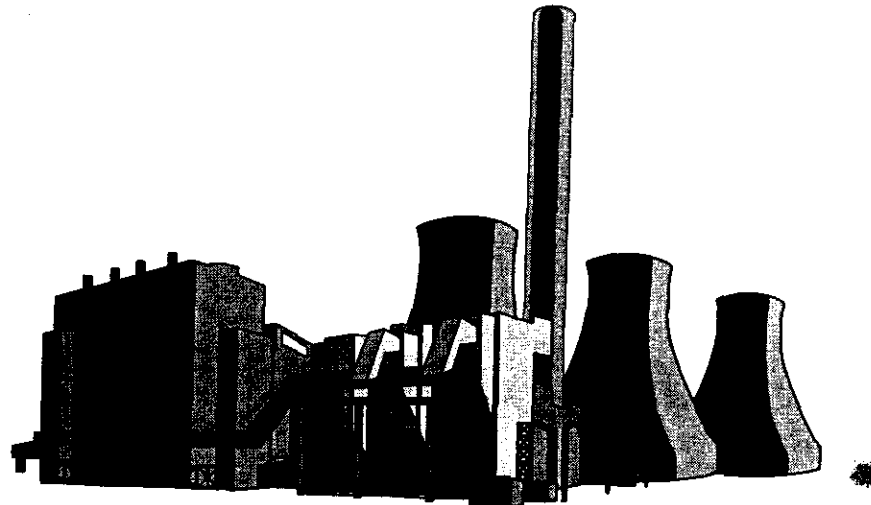


# **The Harvard Electricity Policy Group Tenth Plenary Session**



## ***ISO Governance and Structure: A Continuing Exploration***

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## **PJM's "FIT" WITH FERC's ISO CRITERIA**

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### **ORDER 888**

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### **PJM STRUCTURE**

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| <p>1. The ISO's <u>governance</u> should be structured in a fair and non-discriminatory manner...As such, an ISO should be independent of any individual market participant or any one class of participants (e.g., transmission owners or end-users).</p>   | <p>1. ISO will be an independent not-for-profit corporation with an independent Board of Directors</p> <ul style="list-style-type: none"><li>- ISO not policy formulator</li><li>- ISO does not resolve disputes.</li></ul> |
| <p>2. An ISO and its employees should have no financial interest in the economic performance of any power market participant. An ISO should adopt and enforce strict conflict of interest standards. To be truly independent...hold the ISO accountable in...but should not be able to dictate day-to-day operational matters.</p>   | <p>2. Conforming.</p>   |
| <p>3. An ISO should provide open access to the transmission system and all services under its control at non-pancaked rates pursuant to a single, unbundled, grid-wide tariff that applies to all eligible users in a non-discriminatory manner...An ISO should be responsible for ensuring that all users have non-discriminatory access to the transmission system and all services under ISO control.</p> | <p>3. Transmission owners provide services using ISO to administer FERC approved tariffs.</p>   |

4. An ISO should have the primary responsibility in ensuring short-term reliability of grid operations... responsibility should be well-defined and comply with applicable standards...Reliability and security of the transmission system are critical functions for a system operator. An ISO may also have a role with respect to reliability planning. In any case, the ISO should be responsible for ensuring that services (for all users, including new users) can be provided reliably.
5. An ISO should have control over the operation of interconnected transmission facilities within its region.
6. An ISO should identify constraints on the system and be able to take operational actions to relieve those constraints within the trading rules established by the governing body. These rules should promote efficient trading...we would expect that an ISO would provide, or cause to be provided, the ancillary services described in this Rule.

4. ISO has necessary authority to ensure operating reliability. ISO will provide planning services. ISO is not responsible for implementing transmission plans. Transmission owners build facilities.

5. Conforming.

6. Conforming.

7. The ISO should have appropriate incentives for efficient management and administration and should procure the services needed for such management and administration in an open competitive market.
8. An ISO's transmission and ancillary services pricing policies should promote the efficient use of and investment in generation, transmission and consumption.
9. An ISO should make transmission system information publicly available on a timely basis via an electronic information network consistent with the Commission's requirements.
10. An ISO should develop mechanisms to coordinate with neighboring control areas.
11. An ISO should establish an ADR process to resolve disputes in the first instance.

7. Conforming.
8. The ISO does not set policy. The FERC approved tariffs and market structure must be the means for achieving economic efficiency.
9. Conforming.
10. Conforming.
11. ISO not only doesn't establish ADR process, it is likely to be a party in many cases. Region will have a voluntary ADR process.