

ISO Governance: Function Over Form

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for
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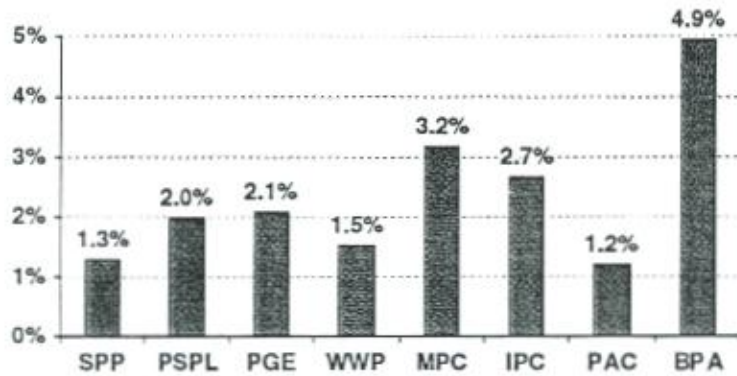
ISO Objectives

- Obtain marketing freedom by separating transmission system operation from a financial stake in generation transactions.
- Produce gains in economic efficiency, i. e., higher utilization of existing facilities and reduced construction of new facilities.
- Provide incentives to reward technical innovations by the transmission operator that extracts system efficiencies and lower transmission cost.
- Allow for voluntary formation which honors existing contracts.
- Permit an orderly transition to a new industry structure.
- Protect system reliability.



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Northwest Transmission O&M (As a Percent of Net Plant)



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The IGO-L

- ← Operates transmission of current owners, meeting their §211 responsibilities from existing facilities.
 - ✓ Provides tariffed service to both owners and other users.
 - ✓ Manages transmission system loading and usage.
- ← Controls O&M Costs.
 - ✓ Sets maintenance standards.
 - ✓ Approves maintenance budgets submitted by owners or negotiates revisions.
 - ✓ Schedules maintenance.
- ← Plans System Upgrades.
 - ✓ Performs regional transmission planning
 - ✓ Current owners construct new facilities within their territories.

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The IGO-O

- Operates transmission of current owners, meeting their FPA §211 responsibilities. ~~from existing facilities.~~
 - ✓ Provides tariffed service to both owners and other users.
 - ✓ Manages transmission system loading and usage.
- Controls O&M Costs.
 - ✓ Sets maintenance standards.
 - ✓ Approves maintenance budgets submitted by owners or negotiates revisions.
 - ✓ Schedules maintenance.
- Plans System Upgrades.
 - ✓ Performs regional transmission planning
 - ✓ Current owners invited to construct new facilities within their territories.
 - ✓ Builds if current owners decline or if current owners offer is excessive.

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