

## Functional separation begins for power marketing, transmission staffs

by Dave Christy

There may not be a customs station in the hallway between the operations and power marketing wings at SN's Folsom office, but soon there will be a distinctive boundary that some employees won't be able to cross without special clearance.

In the past, power marketing and operations folks have picked up the phone or walked down the hall to consult on transmission availability and other issues related to marketing and transmitting power to Western's preference customers. All that free-flowing information between these two

sides of the business will soon come to a halt.

A team of Western employees has developed a plan to comply voluntarily with the Federal Energy Regulatory Commission's requirements to separate utility power marketing and transmission functions. Under this rule, transmission owners must not favor any entity's efforts to market power, even if the marketing is being done by a different function in the same company.

The goal of the separation is to prevent the use of inside information to gain market advantage. To comply, Western is making transmission availability information accessible to all market participants—both Western marketing staff and others—at the same time through a Web-based

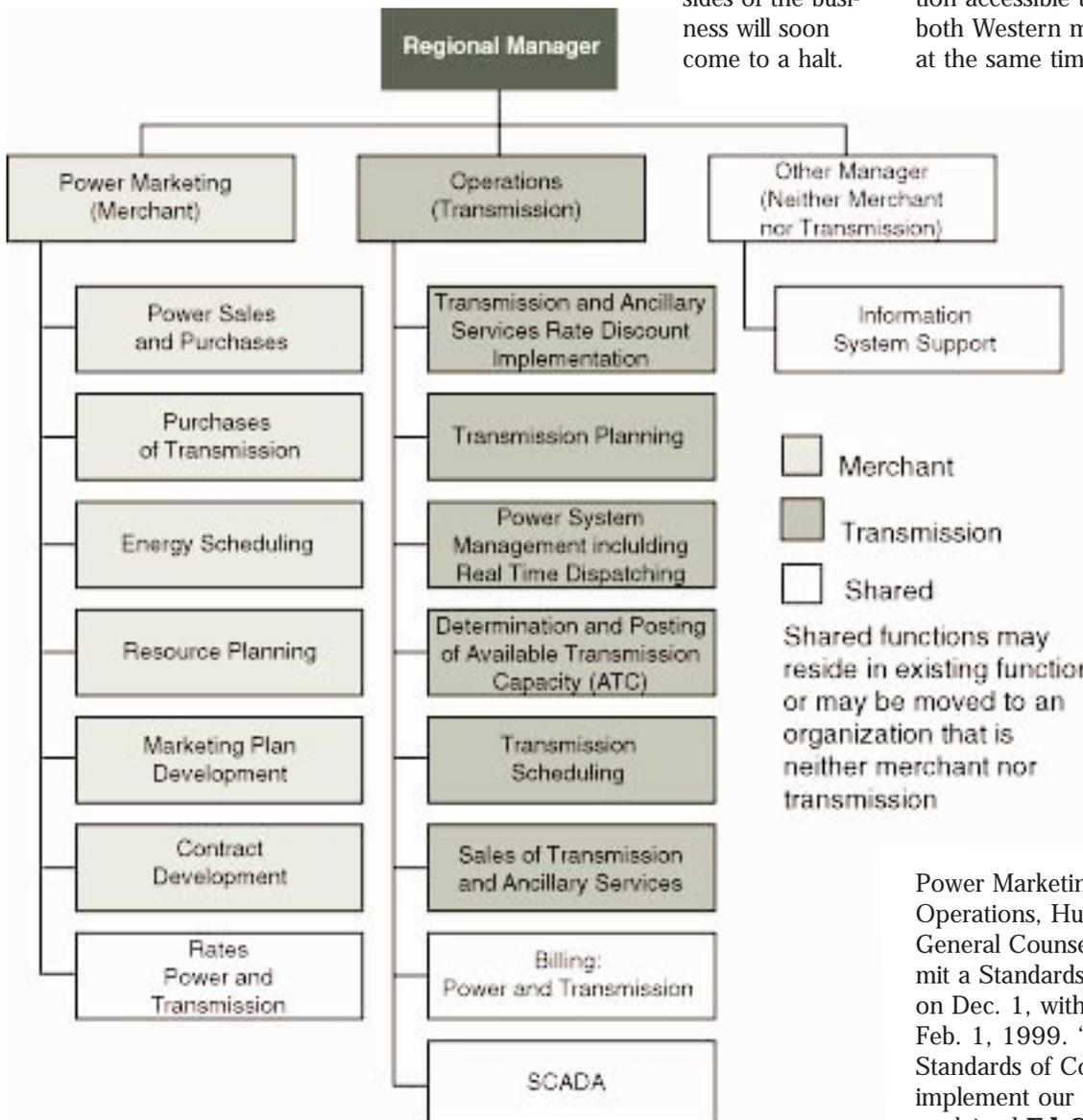
information system. This tool, an Open Access Same Time Information System, or OASIS, is used by transmission providers to post the availability of transmission services and provide other information as required by FERC.

Under these new operating procedures, Western will restrict access, both electronically and physically, to information other than that posted on the OASIS.

Team members from each regional office, the CRSP CSC and CSO have worked since late May on plans to comply with and implement FERC Order No. 889.

The team, which includes employees from

Power Marketing, Power System Operations, Human Resources and the General Counsel's office, expects to submit a Standards of Conduct filing to FERC on Dec. 1, with full implementation by Feb. 1, 1999. "We plan to file our Standards of Conduct with FERC to fully implement our Open Access Tariff," explained **Ed Chang**, Functional



**Our objective was to develop a plan that will be approved by FERC at minimum cost and disruption to Western**

Separation team lead. Western voluntarily filed its tariff at FERC last December.

The team identified five areas or "tracks" of work to implement the functional separation requirements:

- Reorganization (HR aspects)
- Restricted physical/information system/Supervisory Control and Data Acquisition access and OASIS development
- Employee compliance
- Employee/customer communication
- FERC standards of conduct filing requirements

Sub-teams are working on these individual implementation tracks. Individual tasks include milestones that began in July. All work will be completed by February 1999.

"Our objective was to develop a plan that will be approved by FERC at minimum cost and disruption to Western," Chang explained. The team looked at FERC regulations and the FERC approved filings of other utilities in developing the plan, concluding Western and the individual regions would not qualify for waivers. The team

also considered organizational issues such as Office of Personnel Management regulations and Western's union agreements.

Team members briefed AFGE representatives in late August on implementation plans and invited union representatives to be involved as implementation plans continue.

In developing these new procedures, all power marketing and system operations activities were classified as Power Marketing, Transmission or Shared functions. An organizational chart was developed using these classifications as guides and will be used to reorganize each region's power marketing and transmission operations activities. "Power marketing and transmission employees work in those specific functions," noted **Ron Steinbach**, acting RM Power Marketing manager. "A Shared employee supports both the Transmission and Power Marketing functions, but does not direct, organize, or execute activities in either function," added **Dave Shelton**, Functional Separation team member from DSW.

Although there are common elements to the plan, each region will implement the standards of conduct separately based on its individual situation, explained **Bob Porter**, UGP team member.

These reorganizations should result in little change visible to firm power customers, added **Carol Loftin**, CRSP CSC team member. "Changes won't impact rates and customers will continue to deal with marketing representatives," she said.

Transmission sales will be handled differently, though, said **Bob Cheskey**, SN team member. "Power Marketing employees will need to follow the same process as external customers when arranging for transmission purchases and surplus sales."

Western employees may see some changes in position descriptions and reporting assignments, but no changes in overall staffing levels are expected. Procedures are being developed to ensure employees comply with the standards. Training in these new operating procedures and the new Standards of Conduct will be provided. "The Standard of Conduct training will

**Functional separation terms**

**Power Marketing**—Activities associated with matching resources to sales

obligations, purchasing transmission services to support sales, and making sales for resale other than in the current hour (resale). Major tasks include:

- Power sales and purchases
- Transmission service purchases
- Energy scheduling
- Resource planning

**Transmission**—Activities associated with control area management, OASIS and transmission system reliability. Major tasks include:

- Transmission planning
- Power system management (including real-time dispatch)

- Determination and posting of available transmission capacity
- Transmission scheduling

**Shared employees**—Employees who support both Transmission and Power Marketing and who do not direct, organize or execute transmission or wholesale marketing functions. Shared employees are subject to Western's Standards of Conduct and may not disclose transmission or marketing information between functions. Major tasks include:

- Power, transmission and ancillary services rate development
- Billing for power and energy sales, and transmission service
- Information systems support
- SCADA support

## **Western employees may see some changes in position descriptions and reporting assignments**

be similar to our current ethics training,” said **Susan Earley**, team member from the General Counsel’s office. In addition to administrative procedures, physical barriers, such as cardkey locks, will be used to ensure the required separation of Power Marketing from Transmission.

“We’re planning to declare the lunch-

room as neutral territory with the stipulation that no work related discussions will be allowed during the noontime Bridge games that are a staple of the SN regional staff,” Chang joked.

**(Note: Christy is a public affairs specialist in Folsom.)**

### **Standards of Conduct**

#### **For all employees:**

- Transmission employees must function independently from Power Marketing employees.
- Transmission providers must notify FERC, and post on an OASIS within 24 hours, any emergency that causes a deviation from the Standards of Conduct.
- Transmission providers must record in a log if they use discretion under terms of a tariff.
- Transmission providers may not give preference to sales for resale by a Power Marketing affiliate over other wholesale customers.
- Transmission providers must keep separate records from a Power Marketing affiliate.
- Transmission providers must maintain a public file of procedures used to implement Standards of Conduct.

#### **For Transmission and Operations employees:**

- Notices of employee transfers to or from Transmission operations must be posted on an OASIS.
- Transmission employees may not disclose information about the transmission system that is not available

on an OASIS or otherwise publicly available.

- If a Transmission employee does disclose such information, it must immediately be posted on an OASIS.
- Transmission employees may not share market information acquired from other customers with Power Marketing employees, except information posted on an OASIS due to a request for service.
- Transmission employees must apply all transmission service tariffs impartially.

#### **For Power Marketing employees:**

- Power Marketing employees may not have access to transmission operations facilities that are not available to other open access transmission customers.
- Power Marketing employees will have access only to information available to other open access customers.
- Power Marketing employees may not obtain transmission information that is not posted on an OASIS or otherwise publicly available.