RTOs/ISOs
The Creature and the Creator
The Benefit/Cost of Having Children

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The Three Children
“Coping with three living and one deceased in 8 years”

1. Functionally Separated, Fire-walled and Ring-fenced Operating Division – 1996-2002

Q. Who is the favorite child?
A. The youngest until it grows; and the sick until it recovers!
The Creator

**Public Policy**
- Competition, Competition, Competition

**Regulatory Policy**
- Fair Access
- Non-Discriminatory Access
- Reliability

**Market/Customer Needs**
- The continually evolving list
- The continually contradictory list
The Creature (RTOs/ISOs)

- Can competition be achieved any other way?
  - The experience with the three children

- Is it fair to task the RTO/ISO to rationalize the benefit of the public policy?
  - No

- Is it fair to expect the RTO/ISO to demonstrate their fiscal and management discipline?
  - Yes
The Campaign Against RTOs

Is it the ISOs or Restructuring?

“Cost of RTOs/ISOs keep increasing”
- 7 ISOs cost more than 1. Look at CAISO and PJM.

“Congestion Cost is High”
- It was always there, now it is transparent

“Non-responsive to Customer Needs”
- Give me the list, will do it tomorrow.

“They are doing too much; no – they’re not doing enough”
- We are at the crossroads