

**Spring Operations Review Forum
Regional Conference Call
May 13, 2011
1:00 pm**

Meeting materials were posted before the call on BPA's Overgeneration web page at <http://www.bpa.gov/corporate/AgencyTopics/ColumbiaRiverHighWaterMgmt/>.

Elliot Mainzer of BPA provided an introduction to the call, reminding callers that to avoid antitrust concerns, discussion of markets and market operations does not occur in this call. Decisions are made in TMT, not on this call. Because Elliot was out of town, he turned over facilitation of the call to Steve Oliver of BPA.

Steve Oliver introduced Steve Kerns.

Steve Kerns of BPA stated that operationally there is little change from what was reported on previous weeks' calls. He talked through the bullets on slide 2 and said the hydrosystem has been spilling due to lack of demand intermittently the last couple of days. All major rivers have seen increases in flows. He also said BPA may reduce hydrosystem reserves in heavy load hours to balance the rise and fall in wind generation. Almost all spill, due to lack of demand, has been at or below 115% of total dissolved gas limits; one hour may have hit 120%. We expect a warmup over this next weekend but back to below-average temperatures next week with average or above-average levels of precipitation. Slide 5 shows that hydro generation has been high. Load has been higher than in a typical May, especially in the morning; load will flatten out with normal temperatures. Thermal generation is still low, about 500 aMW.

Nita Burbank of BPA asked if anyone had questions for Steve Kerns.

- A caller asked why, since BPA has been offering spill exchange agreements, have there been no signers? Is the agreement not priced favorably? Steve Oliver responded that this call stays away from the topic areas of market conditions and pricing. BPA is talking with others and trying to fit people's needs. If anyone wants to discuss the spill agreements, the contact number for Alex Spain is on the last page of the presentation. Others are experiencing similar issues.
- Scott Levy of Bluefish.Org stated that the contracts are a put option, priced at the daily Dow Jones index. Steve Kerns responded that Scott was not referring to the spill agreements. Steve Oliver stated again that this call does not address marketing or pricing options. If parties are interested in the spill agreements, they should talk with Alex Spain.
- JJ Jamieson of Portland General asked, since BPA is looking at lowering *incs* and *decs* on reserves for wind, will BPA compensate wind producers that already paid for those reserves? Steve Oliver responded that, through its offering, BPA can manage reserve amounts for operational reasons—that is the nature of the product we offer. BPA did that last June for the first time and will do it this year also. Steve Kerns added that BPA will set any such reduction for reserves to have a high likelihood of maintaining schedules.

- JJ Jamieson asked if BPA could say now to what levels it would be lowering reserves. Steve Oliver responded that BPA will send out a notice within the next 12-24 hours to explain.
- Roger Van Hoy of Modesto asked how to get on the list for such notifications. Nita Burbank responded that the Tech Forum list would provide such notices; email her and she will help.

Rich Ellison of BPA, referring to slide 5, stated that thermal generation in the balancing authority area is where we expect it; BPA is monitoring it. Load in BPA's balancing authority area is higher than it was in May of past years, but this is good news in case of an overgeneration event. Moving to slide 6, outages will derate the California-Oregon Intertie (COI) AC Transmission capacity, although none will derate enough to cause concerns for exports. Slide 7 shows COI utilization. The DC intertie is at full rating. Some BCH work on the Northern Intertie will impact south to north flow. When outages are scheduled, BPA looks at system conditions that day and determines whether outages should happen; those on the slides are scheduled to go on. He asked for questions.

Steve Oliver stated that, looking forward over the next 5-7 days, the conditions we see—additional flow, generation net against load, and intertie loadings—lead us to believe that environmental redispatch (ER) is imminent. The Record of Decision (ROD) could be signed as early as this afternoon. If the ROD is signed, we hope to continue to manage through the situation with the least impacts on the region. We will release a statement regionally and contact our counterparts. He asked for questions.

- Roger Van Hoy of Modesto asked, if the ROD is signed and ER begins, how often will these regional conference calls occur? Steve Oliver responded that they would continue weekly.
- JJ Jamieson of Portland General asked whether the ROD would be signed over the weekend or during business hours. Steve Oliver responded that he is not certain.
- Fred Heutte of the Northwest Energy Coalition asked, if the ROD is signed, how will people be informed? Steve Oliver stated that there will be a public release, and BPA staff will do outreach, including subject matter experts and account executives. Incoming calls to BPA will be handled through the corporate communication office.
- A question was asked from a caller. Steve Oliver stated that BPA would reduce *incs* and *decs* to make turbine capability available and to reduce the need to force water out of turbines and into spill. ER would reduce operational reserves for closer scheduling and tighter management of the system for TDG.
- A caller asked what would be the timeframe before implementing ER. Steve Oliver responded that once the ROD is signed, it could be implemented at that time. It might be some days before ER would be needed, but it would be available immediately in case it was needed.
- A caller asked if BPA expects to call all dispatchable generators. Steve Oliver responded yes, we will contact all thermal in the balancing authority area first, and then call variable energy generators.
- A caller asked what if one generator doesn't get a call? Rich Ellison responded that it will be generation dispatchers that will make the calls. If the ROD is signed and ER implemented, an additional generation dispatcher can be added if necessary to make

such calls. We have verified all generators and phone numbers and will call them all. We have a display set up to mark who has been called.

- A caller asked if BPA was to add an additional dispatcher, would that person be just waiting. Rich Ellison responded that the regular staffing level is 5 dispatchers. The staffing we have now can do the phone calls, but we will add one if necessary.
- A caller asked how much advance indication would be given to external entities to get personnel in place if ER declared. Rich Ellison responded that Dispatch will post on OASIS an imminent notification if ER is likely.
- Ken Dragoon of the Northwest Power and Conservation Council staff asked if similar notices would be provided to federal projects. Steve Oliver responded that the federal system is managed in concert, and the federal system will be managed to avoid ER before other actions are taken.
- Ken Dragoon asked if ER would include irrigation projects that have generators, such as hydro independents and Bureau of Reclamation projects. Tony Norris of BPA responded that we have a spill priority list that we follow. That process will be transparent to all federal projects. There is no provision to spill the federal projects above Brownlee. Steve Oliver asked for other questions.
- A caller from Seattle asked if the ROD would be signed this afternoon. He also asked whether response was voluntary to the calls from dispatchers. Steve Oliver responded that he could not commit to when the ROD would be executed, but this meeting is providing notice that execution of the ROD is imminent; BPA will release information when it occurs. Regarding the second question, Steve Oliver responded that dispatchers will ask thermal generators to identify minimum operating levels. BPA's trading floor will contact generators and work out transactions to shut down generation that can be shut down. Directions to actually shut down will come from dispatchers.
- A caller from Seattle asked whether notice to decrease generation would be made to only entities that have signed agreements. Steve Oliver responded that notice would be provided to all interconnected generators in the balancing authority area.
- Charles Pace asked whether the Administrator has consulted with fish agencies regarding the ROD. Steve Oliver stated that he does not believe consultation has occurred or that it was necessary. Steve Kerns stated that the ROD likely addresses that question. Steve Oliver noted that no BPA attorneys were present, and those in the room cannot answer; refer to the ROD.
- A caller stated that BPA mentioned that the ROD was currently in draft form; will there be any changes from the draft in the final ROD? Steve Oliver responded that he had no details, although changes had been or would be made to respond to comments.
- A caller asked if it would be possible to receive a copy of the revised draft ROD before the Administrator signs it. Steve Oliver responded that Legal would know the answer, although he did not believe that there is any plan to do that.
- JJ Jamieson of Portland General stated that he would appreciate knowing what to expect.

Steve Oliver asked for any other questions. There were none.

There were 134 participants including BPA on the call. The call ended at 1:29 pm.