

Introductory Comment: The Notes below were prepared by Chris Elliott at the request of Bud Krogh during the April 12, 2000 RTO workshop. The Notes are not a verbatim transcript but simply a brief summary of the many valuable comments that were offered. Our apologies to any speaker if we have not accurately set forth her or his views. The Filing Utilities appreciate very much these contributions to the development of a collaborative process plan for RTO formation.

NOTES OF RTO COLLABORATIVE WORKSHOP April 12, 2000

Introduction

Bud Krogh: For some this meeting is the seventh, for others the first workshop in the RTO development public process. Bud is public process consultant to filing utilities.

FILING UTILITIES PRESENTATION AND COMMENTS

Mark Maher, BPA: (Briefed from slides posted on the RTO web site)

- List of filing utilities who worked on strawman

- NRTA Workshop - internal list of principles and process

- FERC/Las Vegas Workshop laid out kernel of process, intent

- Discussion with CREPC, Canada & others about process is next

- Background – seeking broad regional input, but timeline is October 15

- Two messages: desire by entities "to be at table"; filing util. not advance surprises

- Process - 5 elements:

RTO Regional Representative Group Functions –

- No vote taking nor a negotiating group, manageable number around 20 for consensus group, proposed rep categories. Met with some groups already, considering multiple reps from a group, more discussion about that, but needs to be manageable size.

Filing Utilities Activities -

- Meet among themselves, as necessary. Will arrange for neutral observer/note taker and notes to be posted.

Work Groups -

- Memberships like collaborative reps group, open to public, documents on website.

RTO Workshops

- Communicate to larger groups about every 6 weeks.

Website - www.nwrto.org. –

- Interactive site and calendar of meetings.

Don Furman, PacifiCorp: Before the filing, all the issues will be vetted through a public process. The filing utilities need for interested parties to bring issues to us so that they

can be included in the preliminary issues list on the web site. Filing utilities are committed to addressing all issues

Bill Pascoe, Montana Power: Emphasized that we have a long way to go and short time to get there through the collaborative process.

Jim Collingwood, Idaho Power: Agreed and reiterated the theme of process; want to do process right, but not let it take us off course

Don Furman: Membership categories put forth for the Regional Representatives Group is a generic list. The filing utilities will try to accommodate to the extent we can within a manageable number. We ask others to try and attempt to pare down into groups that represent inclusive points of view

Randy Cloward, Avista: All filing utilities are supportive of process

OPEN TO COMMENTS:

Terry Mundorf, spoke on behalf of the Washington Public Agency Group (WPAG): He was not involved in IndeGO. While he had previous serious concerns about process, progress has been made towards a consensual conclusion that can lead to a timely filing. With depth in the trenches, the process for regional decisions [should enable us] to go to Washington DC arm-in-arm. Interest is in the Working Groups where a lot of people will be involved. Also in the group of about 20 reps, which should be flexible. It's good to have people involved with portfolio, time and expertise. Timelines don't permit anything else. Have to be able to deliver consensus from representative groups. WPAG are users and potential owners, concerns about rep groups reaching consensus. Number of seats should be sufficiently large for transmission users such that they don't find themselves in minority. Transmission users want a number of seats similar (same) as transmission owners. Job of rep group is to engage issues, seek and work to consensus and build support, but recognize may not resolve to consensus. That the consensus process is not voting is a good way to do business - build support

RTO filing utilities are court of last resort. Otherwise consensus can take decades. Agree you have to make the filing. While public utility owners would prefer a more active role, a note taker in filing utilities' meetings is halfway. He suggested observers from users, too. Consider both – a note taker and an observer who relates what actually transpired. In summary, the collaborative process plan from the filing utilities is leagues in the direction of a sound public process. Let's fine-tune it and get on with it.

Carl Imparato, TCA for PG&E Gen.Co.: Appreciate openness. 4 areas of comment.

- 1) Regional reps - how to slice the pie? Need sufficient number of non-incumbents. Too many "old world" incumbents, lack of understanding, don't care about change. Their interests are threatened, need parties who are concerned about putting in place competitive markets;
- 2) Process for conflict resolution. Maybe two proposals to FERC with equal footing - needs to be thought through. Ideally independent Board would make filing;
- 3) Decisions to hire a project management team - very concerned about filing utilities choosing. Maybe hostility from market participants, hope selection process is open;

4) What is role of RTO versus for expected WIO? WIO be responsible for making rules of road, RTO operating systems, where is RTO positioned with respect (viz) WIO?

Don Furman: We agree that RTO vs WIO is an important issue. If there is input on project manager, let us know today. One of the criteria is do they have an agenda? A key principle is an independent board, but it is not practicable to have an independent board in place by October. Regarding conflict resolution, our goal is not to have conflict, but to develop broad support rather than competing filings.

Dave Piper, Pacific Northwest Generating Cooperative (PNGC): He was encouraged with level and degree of process in the plan. Fleshing out the details in the principles is important. It is now time to get on with it and important to agree today. Let's just do it. Professional management is very important, too.

Curt Winterfeld, Deseret Generation and Transmission Cooperative (DG&T): Regarding the regional representative group categories - where DG&T fits in is a concern. In DG&T, 5 of 6 members are FERC jurisdictional. 3 have waivers, but must file anyway. He understands and appreciates that the filing utilities have been meeting and are reluctant to let others in. But, there is a need for a category for other public filing entities. He is curious about retention of project managers and number and types of work groups.

Bill Pascoe: Regarding project managers, 3 "outfits" made presentations last week. One firm is the preferred alternative subject to comments. KEMA is #1 choice right now. We'll let them help scope the work out. Bill asked Curt - do other public power entities have an obligation to file? E.g., do public FERC jurisdictional entities with waivers have obligation to file? The example of Oregon Trail as having to file was given by Aleka Scott. Curt - three of the DG&T members with waivers don't have bulk transmission, they have at 69kV and below.

John Saven, Northwest Requirements Utilities (NRUs) representative: NRUs are from several NW states, it will hard to come to consensus among many members, but this is our first priority. Transmission dependent utilities must be at the table and want to reach closure. We understand filing utilities have to file, but will need input. About 20 representatives is a reasonable approach where they can be represented in meaningful discussions. We support a neutral observer and thanks for listening.

Marshall Empey, Utah Association of Municipal Power Systems (UAMPS) representative: UAMPS is a member of the advisory committee TDU group on Desert Star. UAMPS is comprised of 41 municipal utilities, others are too Northwest centered. 60 customers outside the BPA service area have an interest, too. We are willing to share a Transmission Dependent Utility (TDU) seat with NRU, and have joined with John Saven's group for representation purposes. [This view was superseded by a letter from Marshall Empey to the Filing Utilities on April 18, 2000 in which he requests a "seat at the table" for UAMPS.]

Wally Gibson, Northwest Power Planning Council (NWPPC): States have had preliminary discussions and are comfortable with the collaborative process plan proposed by the filing utilities. One concern: with 7 state commissioners, 5 energy agencies, and small consumer reps, the residential consumer advocates really ought to

be a stand-alone group. Other than that, States can work together. We are concerned that if the group gets larger and larger, then we would want separate representatives for PUCs and Energy Offices.

Michael Early, DSIs: Expressed appreciation and understanding that everyone is here in good faith toward process progress. It has been made collaborative and cooperative. To achieve a good process, balance on the regional group is crucial and the DSIs are significant "payers." Confident we can achieve that balance. This should be the last process meeting.

Jason Eisdorfer, Citizens Utility Board (CUB): Regarding the States and small customers groups, agrees with Wally they have a variety of interests. Our concern as small customers is that PUCs are balancers of interest. We don't want to be represented by balancers, so there needs to be a split between States and consumer representative. Also, there needs to be a split between environmental and renewable groups because they don't have the same interests. Conflict resolution is also a key point - how to get past disputes.

Steve Weiss, NW Energy Coalition: Supports Wally and Jason that small consumers should be split out from the States. He would represent environmental interest, but renewables have other interests and need separate voice (there is person here to talk for them). He seconds Carl Imperato's comments - balance not only users and owners, but also incumbents. Our major interest is an efficient, competitive market. Significant differences need conflict resolution, or we will prepare parallel filing. Conflict resolution would be better. Wants to talk more about what happens when there are major differences. Process is late in getting started but we're willing to put in resources. It would have been better to have an independent board do the filing.

John Orr, Reliant Energy: Questions about determining regional representatives and how it will be done (Desert Star concern). Cautions the need for written definition of representatives so people can choose. Regional representatives group participation needs to be policed. What's process for selecting the 20 people? Work groups should use models and work from other groups who have been involved in RTO formation instead of starting from scratch. All has been addressed in other forums.

Don Furman: We don't have a selection process if the stakeholders don't self select. Drawing from others' experience is absolutely the way to go. The challenge today is to determine who is going to be on the various groups. Also a lot of work will be done in work groups which are open.

Tom Foley, Renewable NW Projects: Renewable community think their issues can't be represented by the environmental representative. So renewable interests need their own voice on the regional representatives group.

Jerry Garman, PRM Utilities: To the existing transmission dependent utilities who are not owners, balance is most important. People who are on the regional representatives group need to know what they are doing and they need to know the transmission system.

Tim Shuba, UAMP Counsel: Make sure that the regional representatives actually represent the groups they say they represent. Encourage the Nevada entities to make this their first priority.

Roger Hamilton, Oregon Public Utility Commissioner: The theory I used to teach is that you can't reach consensus with more than seven. The point that the PUC can't represent small consumers because they have to balance is true. Renewable developer vs environmental groups - with respect to wind, fees are very critical. Therefore, renewables should be separate. PUCs and Energy Offices can work together. The PUCs' issues are rates/reliability and Energy Offices' are energy policy and siting transmission facilities. Seams issues need to be addressed upfront as well as the relationship between the WIO and RTO and pricing and congestion issues. Finally, the Oregon PUC is holding a public meeting on Monday, April 17. CREPC follows the next day. Eventually [we will] formulate an Oregon position. At least half of the States have restructured and the Oregon PUC is interested in competition.

Randy Hardy, National Energy Systems Co.: Offered 4 observations to owners.

- 1) This is a consensus building process and ultimately owners make decision. An important tension is that owners have huge incentives to accommodate all the stakeholders - don't want multiple filings and want FERC approval. Don't rely on dispute resolution process;
- 2) 28-29 reps have been suggested. The notion that transmission users need equivalent representation to transmission owners, that is, 9 for 9, isn't a legitimate premise. Think more in terms of sufficient representation not equivalent;
- 3) Randy suggested split 23-24 seats: 4 public utilities not 6, a couple of eastside seats, couple of seats for TP, SCL, Mid-Cs and Snohomish. One DSI seat, maybe small customer separate from State and renewables separate from environmental. Will force negotiation among groups, which would be good;
- 4) It's time to make decision and get on with it. We're getting plenty of input today and will in the next meetings.

Don Furman: Late breaking announcement: The filing utilities have reduced their representation on the regional representatives group from 9 to 8.

Denise Mullen-Dalmer, BC Ministry: It is important for Canada to be represented. While we haven't caucused, we need a minimum of two reps - regulators and industry. Don't want to inhibit trade and we need flexibility for evolving issues.

Karen Adderley, BCHA: Status quo is in question. We want to be part of the collaborative process.

Ed Sheets, Yakima Nation: There are 54 tribes in Northwest. We have held workshops and developed some principles to bring in to the discussions. There are sovereignty issues and questions about transmission over tribal lands including rights-of-way matters. Some tribes are generators and some have fish and wildlife issues. The goal is to come together with one rep, but flagged that this may not be possible.

Vipin Prasad, PP of Alberta: Alberta has set up a version of an RTO and PX and wants to be part of the evolution of a Northwest RTO.

Kent Wheatland, Dynegy: On working groups - will there be one rep from one entity or holding company? Also consider in the process an opportunity for public attendees to make comments.

Steve Weiss: To keep numbers down, why do filing utilities need 8 seats?

Frank Afranji, PGE: It would be problematic to keep utilities from the table who have to file and that are putting their transmission assets into the RTO.

John Martinsen, SCL: Asked whether the committee structures will be similar to Indego?

Don Furman: This will be more of a formalized process to make sure work on the issues gets done. This will be the project manager's role.

Paul Kaufman, Enron: We appreciate the effort and urge a quick decision on the regional representatives group. Ideas about working groups need to be shared as soon as possible.

Paula Green: Asked whether the work stream and time lines have been defined? Keep in mind that "Open Architecture" means that everything doesn't need to be decided by October 15.

Don Furman: Our goal is to get as much done as possible by October 15.

Barbara Cronise, PacifiCorp: Issues that will form timelines and schedules will be posted on the RTO web site by April 30.

Arnie Olson, Washington Department of Community, Trade, and Economic Development: Economists who worked on IndeGO have per put forth a paper asking for a 15th principle "Efficient Operation and Expansion of the System". The economist-authors are Phil Carver, Larry Nordell, Arne Olson, and Wally Gibson. [The paper is currently posted on the RTO web site.]

Mark Maher: Over the next week, the filing utilities will meet with the Committee on Electric Power Cooperation (CREPCF) and Canadian representatives to talk about regional representatives. By the middle of next week, a decision will be made about members. We would like 23-24. We need to work on names and therefore we need to hear your nominations and that there is agreement within a group. Finalized Wed.

Please send your nominations to Bud Krogh.

John Saven, NRU: It will be useful to know the number of representatives we're dealing with.

Don Furman: We're close.

Randy Hardy: Make the nominations to the regional representatives group as self-selecting as possible.

Don Furman and Mark Maher: Agree.

Bud Krogh: Another workshop like this one will be held in a few more weeks. Meanwhile, log on to www.nwrto.org web site to stay tuned to developments.

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