

COPY OF BUD KROGH'S SEPTEMBER 7, 2001 E-MAIL CONFIRMING SEPTEMBER 14, 2001 RRG MEETING

Hello, Everyone -

This e-mail confirms the next meeting of the RTO West Regional Representatives Group (RRG) for Friday, September 14, from 8:30 a.m. to 1:00 p.m. The meeting will be held at the Shilo Inn Suites Hotel, Portland Airport (**NOT THE SHERATON**) in the Adams, St. Helens and Rainier Rooms. A van is available from the Portland Airport. The usual morning refreshments - muffins, juice, fruit - will be served.

Over the past few weeks, Members of Congress, Congressional staff, and numerous stakeholders expressed strong reservations to the RTO West Filing Utilities about the current December 1 deadline for the RTO West Stage 2 comprehensive filing with FERC. Their reservations center on the lack of adequate time this deadline provides for full public and Congressional review of the RTO West filing before submission to FERC. To many stakeholders, more time is needed in the congestion management, pricing, and other work groups to work through collaboratively the many open issues that remain. In addition, many stakeholders indicated that more time was necessary for the approaches in congestion management and pricing to be factored into the benefit-cost analysis and for regional review of that analysis.

The RTO West Filing Utilities are also well aware of and dedicated to responding to the urgency the FERC communicated in its recent RTO orders and to complying with the directives to RTO West set out in its April 26 and July 12 Orders. In those Orders, FERC directed the RTO West applicants "to file with the Commission no later than December 1, 2001, a status report detailing, among other things, (1) resolutions of seams issues, (2) plans for participation in RTO West by Canadian entities, (3) a framework for formation of a West-wide RTO, and (4) a timetable for achieving a West-wide RTO end state." In the April 26 Order, FERC said it expected RTO West to work cooperatively with the participants in other RTO efforts in the West "to develop comprehensive solutions to the problems confronting the western markets." A substantial effort on seams resolutions is currently underway among RTO West, DSTAR, and the California ISO.

To respond to and accommodate these critical considerations, the CEOs of the RTO West Filing Utilities met this week and directed that the schedule be revised so that the RTO West filings will be made on two dates. The first filing will be a compliance filing on December 1 responding at a minimum to the directives set out in the April 26 and July 12 Orders described above. The second filing will be made on March 1, 2002 and will include all remaining elements of a comprehensive Stage 2 proposal. The CEOs emphasized that the March 1 date for this second filing is firm, and that the RTO West development schedule must be set so that the March 1 deadline can be met with certainty.

To meet these two deadlines, the intensity of the effort within the work groups must be maintained throughout the next few months. The revised schedule will still allow draft documents to be sent out for comment well in advance so all viewpoints can be taken into account.

Next week, after getting feedback from the work group coordinators, I'll send out a final agenda for the September 14 meeting. The working agenda as of today includes (a) a follow-up report on TransConnect; (b) planning and expansion report; (c) a report on market monitoring; (d) congestion management recommendations; (e) interregional coordination activities and a western market vision; (f) status of benefit-cost study; (g) demand side ancillary services market approaches; and (h) a report on the upcoming NW Energy Caucus hearing on RTO West. We are pleased that Mike Coleman from FERC will attend the meeting.

As you can see this promises to be a very full meeting. We look forward to seeing you then.

Have a nice weekend.

- Bud