

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Removing Obstacles To Increased
Electric Generation And Natural Gas Supply
In The Western United States

EL01-47-000

**Joint Comments of
Avista Corporation, the Bonneville Power Administration,
Idaho Power Company, the Montana Power Company,
PacifiCorp, Portland General Electric Company, and
Puget Sound Energy, Inc.**

Pursuant to the Commission's March 14, 2001 Order, Avista Corporation ("Avista"), the Bonneville Power Administration ("BPA"), Idaho Power Company ("Idaho Power"), the Montana Power Company ("Montana Power"), PacifiCorp, Portland General Electric Company ("PGE"), and Puget Sound Energy, Inc. ("Puget Sound") (collectively, the "Indicated RTO West Filing Utilities")¹ hereby offer these joint comments on the March 14, 2001 Commission Order Removing Obstacles to Increased Electric Generation and Natural Gas Supply in the Western United States and Requesting Comments on Further Actions to Increase Energy Supply and Decrease Energy Consumption.

The Commission has required the California ISO and transmission owners within the Western System Coordinating Council to prepare and file, for informational purposes, a list of grid enhancements that can be completed in the short term. The Indicated RTO West Filing Utilities strongly endorse efforts to maintain safe and reliable power and

¹ The RTO West Filing Utilities may each intervene or comment individually in this docket.

restore economical power to consumers in the West. Each utility will make its own filing as required by the Commission's March 14, 2001 Order.

Comment on the Longer-Term Regional Solution

The RTO West Filing Utilities are actively exploring a longer-term solution to insuring competitive and reliable energy supply for Western markets as part of their development of RTO West.² We are working with the other regions, including British Columbia, Alberta, California and the Southwest, to promote functional markets and where appropriate to render the "seams" between the regions invisible for commercial wholesale power purchases. RTO West is working directly with Desert Star and through the Western Market Interface Committee to resolve seams issues. In addition, RTO West and Desert Star are attempting to arrange a meeting with the CAISO Board of Directors to discuss interregional coordination and establish trilateral discussions.

In its March 14, 2001 Order, the Commission comments that longer-term solutions to the energy problems confronting the West must be developed on a West-wide basis. Two approaches to a West-wide solution are noted: a West-wide RTO, or a seamless integration of Western RTOs. The Indicated RTO West Filing Utilities believe that developing the three regional RTOs under consideration and encouraging those RTOs to address seams issues is the appropriate solution. More importantly, progress

² On October 23 and December 1, 2000 the RTO West Filing Utilities submitted Stage 1 of a proposal to form an RTO that would cover most of the geographic and population areas of the states of Oregon, Washington, Idaho, Montana, Utah and Nevada, as well as parts of Wyoming and California ("RTO West"). The RTO West Filing Utilities are also working to involve Canadian entities in RTO West. Since submitting the Stage 1 Filing, the RTO West Filing Utilities have been working diligently to develop a Stage 2 filing that will contain additional information related to their proposal for RTO West.

toward seamless integration of West-wide markets is more likely in the near term if ongoing work toward RTO West is continued with the Commission's encouragement.

The Indicated RTO West Filing Utilities believe that seamless integration of Western markets has a better chance of success if regional RTOs are allowed to form and stabilize. By working together to address issues at the seams, while fostering regional solutions to unique issues, the Commission will advance the formation of voluntary RTOs.

We understand that all three of the proposed Western RTOs favor development of three regional RTOs at this time rather than a Commission-mandated West-wide RTO.³ The Indicated RTO West Filing Utilities fear that absent strong and prompt encouragement from the Commission for ongoing efforts to develop voluntary RTOs, progress toward the seamless market interface desired by participants in Western markets will be set back.

Conclusion

In conclusion, the Indicated RTO West Filing Utilities believe that interregional coordination of the Western grid will occur more readily and thoughtfully if each region works with the other regions to establish functional markets and improve transactional efficiencies at the seams. This will also permit each region to resolve the local issues it faces in developing an RTO that complies with Order No. 2000.

³ See Protests and Comments of Avista, et al., RT01-85-000 (February 19, 2001). In its January 16, 2001 filing, San Diego Gas & Electric Company observed (at page 2 of their submission) that "[u]nder the present circumstances in California, . . . the prospects for moving quickly toward development of one RTO to serve the entire western region are nil." CAISO has taken the position that the three Western regional RTOs should be developed before consideration of a West-wide RTO. (See their March 1, 2001 filing in RT01-85-000, page 3.)

For the above reasons, and those stated in our earlier comments (Protests and Comments of Avista, et al., RT01-85-000 (February 19, 2001)), we urge the Commission to convey its strong support for RTO West and its efforts to create seamless commercial markets throughout the Western Interconnection at the April 10, 2001 conference with the Western State Commissioners and other state representatives.

Dated: March 30, 2001

Respectfully Submitted,

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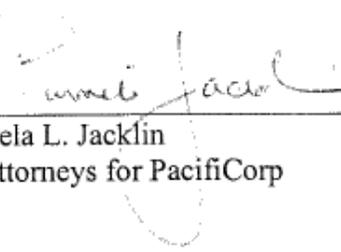
THE MONTANA POWER COMPANY

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I have this day served the foregoing document upon all parties listed on the official service list compiled by the secretary in this proceeding.

Dated at Portland, Oregon this 30th day of March, 2001.



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