

## **The Region's Transmission Solution**

Under the auspices of the Regional Representatives Group (RRG), the region has come together to support a proposal for managing the regional transmission system and improving related wholesale markets. The overarching goal is to replace the more limited services currently available from separate transmission providers with *regional* services that both suppliers and consumers will be eager to use.

The platform for this regional proposal has been developed through the dedicated efforts of RRG members, encompassing transmission providers, power producers, end users, public power, environmental and other public interest organizations, and state, provincial, and tribal officials from across Washington, Oregon, Utah, Idaho, Montana, Wyoming, Nevada, British Columbia, and Alberta.

The cornerstone of the regional proposal is an independent organization that will be flexible, focused on regional needs, and accountable to the region. This new independent organization will address today's transmission problems while capitalizing on ways to increase operational efficiency over time.

This proposal does not envision a one-size-fits-all solution. While the new organization will be independent of all market participants, its core is a flexible business model providing for a staged, voluntary implementation process. The proposal, which includes identified beginning and advanced target states, allows transmission providers, suppliers, and other system users to choose among different forms of participation based on what works best for them. The region's understanding of and confidence in the independent entity's operation can evolve over time.

As participation increases, so will expected benefits to the region. At the same time, if problems arise, the proposal's evolutionary nature and respect for regional oversight will facilitate appropriate mid-course corrections.

### **The Independent Entity Will Be Responsive to the Region**

The regional proposal provides for a set of checks and balances to ensure that the region has a strong hand in shaping how the independent entity serves the region's needs. There will be regional input into changes in the independent entity's services and operations, including:

- Mandatory consultation with state and provincial officials and regulators (as well as tribes with applicable regulatory authority); and
- Mandatory consultation with regional stakeholders, including appropriate advance notice.

Certain fundamental changes in scope will trigger special voting requirements:

- A vote of the 30-member Trustee Selection Committee (six representatives of each of five classes of members, including: major transmission owners, transmission dependent

utilities, marketers and generators, end-use consumers, and state, provincial, tribal and public interest organizations); and

- A requirement for a higher level of board approval, (from five to seven of the nine member board) if the Trustee Selection Committee does not concur with the Board's proposal.

The independent entity will develop products and services that respond to customer needs, and thoroughly test them before moving to implementation. There will be an independent market monitor that investigates potential transmission and market problems to guard against market abuses. These features will minimize the region's exposure to the kinds of problems that plagued California in its transition to new market approaches.

### **Regional Integration for Regional Benefits**

The independent entity will have an integrated, "big-picture" view of the overall system that is not currently available through separate transmission providers. This perspective will better support reliability and enhance the region's ability to identify the best solutions to the region's transmission problems (including non-wire alternatives). It will also provide a solid foundation to address the region's identified infrastructure needs. And, because the core elements of the regional proposal are designed to rely on computer systems that are available "off-the-shelf" today (and can be readily adapted to the particular needs of the region), the costs of implementing this proposal should be significantly lower than if it required new, customized systems.

This regional approach will enable system users to understand the cost consequences of their decisions about use of the grid. It will provide mechanisms to more fully utilize existing system capacity without compromising reliability and with the assurance that all pre-existing contracts and other legal obligations will be honored. The independent entity will provide fair and open access to the transmission system, develop tools to manage congestion more efficiently, and provide better information to the region about needed grid improvements. Most importantly, the regional proposal will provide better tools for all of the region's utilities and their consumers to secure the lowest cost energy supplies available to them.

### **Regional Development Process**

The regional proposal is the result of an intensive six-month process under the auspices of the Regional Representatives Group (RRG). During this process, a comprehensive cross-section of the region's transmission stakeholders examined the region's transmission problems and opportunities, and built on previous regional efforts to develop potential solutions. RRG participation has included:

- State and provincial energy officials and regulators from Washington, Oregon, Utah, Idaho, Montana, Wyoming, Nevada, British Columbia and Alberta; the Northwest Power and Conservation Council; tribal representatives;

- Representatives of regional public power organizations, including PNGC Power, the Public Generating Pool, the Western Public Agencies Group, Northwest Requirements Utilities, the Utah Association of Municipal Power Systems, and Deseret Generation and Transmission Cooperative;
- Generators and power marketers, renewable and environmental community representatives, and end-use customers (including the direct-service industries, large industrial customers, and state consumer representatives); and
- RTO West filing utilities, including Avista Corporation, Bonneville Power Administration, British Columbia Transmission Corporation, Idaho Power Company, Northwestern Energy, PacifiCorp, Portland General Electric, Puget Sound Energy, and Sierra Pacific/Nevada Power.

### **Next Steps**

Building the foundation for implementation is the next phase of the regional process. This involves several steps that may take place concurrently, including further development of the regional proposal in sufficient detail to file it with the states and provinces and the Federal Energy Regulatory Commission, initiating Bonneville Power Administration's federal decision-making process and any necessary Canadian stakeholder processes, exploring funding options, and considering when to seat the new board for the independent entity. The goal is to complete as much of this work as possible during 2004.