

**The Next Question:**

***How should these problems be addressed?***

**Background**

The RRG has met over the last several weeks to develop a better understanding, from the perspective of a broad range of regional parties, of the transmission problems and opportunities that exist within our region today and those that may develop in the future. The RRG discussions have relied primarily on professional judgment, opinions and supporting examples. They have not included a systematic, quantitative analysis of the scope or magnitude of the problems and opportunities that have been identified.

Some RRG participants have urged that we should work to refine our understanding of the identified problems and opportunities before we discuss how to address them, particularly in terms of ultimate economic consequences for the region's consumers. It makes sense that before initiating any steps to implement solutions, we should develop a better understanding of what we gain from those solutions, as compared to what they will cost us to implement (as well as significant risks associated with either maintaining the status quo or pursuing change).

At the same time, many participants recognize that quantification of problems (or opportunities) is elusive in the absence of specific proposals to address them. To the extent that economic analyses look ahead to the future, they necessarily rely on assumptions about future conditions. Developing early-stage information in the absence of specific proposals to evaluate leads primarily to debate about the validity of various parties' assumptions. This kind of debate may not be a productive use of anyone's time or resources.

**Proposal**

With the foregoing considerations in mind, the filing utilities suggest that the RRG continue its discussion of regional transmission problems and opportunities, with the next phase of discussions to be the identification a range of *potential* solutions to address the list of the problems and opportunities. This "brainstorming" approach would not be an effort to reach a consensus recommendation on *preferred* solutions. Rather, by considering what *might* be done about a problem or how an opportunity *might* be captured, a more precise definition of the problem or opportunity will emerge.

Once the RRG develops sets of potential solutions, they could be sorted into logical groupings. Some potential solution sets may consider only a few problems. Other approaches may resolve a cluster of problems together or take a sequential approach to problem solution.

## **Straw Proposal – August 19, 2003**

The RRG's next phase could then focus on evaluating the potential return associated with various potential solution sets. This follow-on work would necessarily include consideration of the relative costs, benefits, and risks of each particular course of action (or inaction).

Below is a list of specific steps and associated questions that the RRG could use for the next stage of its discussions as proposed above:

1. As a means to more clearly delineate the character and scope of problems (and opportunities), identify proposed solution alternatives for the identified problems (and opportunities):
  - a. How does each alternative solution address concerns?
  - b. Is there linkage to other problems?
  - c. How would the solution be implemented?
  - d. Is an organized entity needed?
  - e. Is an independent entity needed?
2. Organize the sets of alternatives into complete packages that address groups of problems, i.e., an approach that incorporates a set of solutions that are consistent and work together.
  - a. Which problems are addressed by the package?
  - b. Which problems are not addressed (or deferred) by the package?
  - c. What is the order and timing of steps to be taken?
  - d. What organizational structure is required?
  - e. What regulatory filing/approvals are required?
3. Evaluate each package on a high-level basis, using available data sources to the extent possible, i.e., look at the possible return for the investment that would be made:
  - a. Identify the costs associated with the problems (and opportunities) addressed by the proposed solution.
  - b. Evaluate the set of benefits produced by a solution package.