

Brief Summary of RTO West RRG Meeting October 29 and 30, 2003

Introduction

This summary is intended to briefly describe the major topics of discussion during the October 29 and 30, 2003 meeting of the RTO West Regional Representatives Group (RRG). It is not intended to be a verbatim transcript of anyone's remarks, and it is not intended to suggest that any particular representative or entity at the RRG meeting agreed with or endorsed the views described in this summary.

Overview of October 29 and 30 Meeting

- An RTO West RRG meeting was held at the Sheraton Portland Airport Hotel on Wednesday, October 29, from 10:00 a.m. to 5:00 p.m. and Thursday, October 30, 2003, from 8:00 a.m. to 10:20 a.m. PST.
- Approximately 60 people attended the RRG meeting, including approximately 25 designated RRG representatives. Five state representatives attended the meeting and two state representatives listened by phone.
- A spokesperson from each of the three work groups, set up at the last meeting (congestion management, governance and convergence), gave reports on their efforts. Additionally, the states gave an overview of the draft paper they developed, with the RRG participant representing affiliated tribes, on "Regulatory Commission Issues and Role in Regional Transmission Entity Governance."
- The RRG also heard about the informational filing from the SSG-WI participants to FERC, which will be submitted on October 31.
- The RRG asked Bud Krogh to select a small group of RRG representatives to build a comprehensive, workable proposal that addresses the problems and opportunities identified during the RRG process. A near-term work plan for the RRG and the drafting group is posted at <http://www.rtowest.com/Doc/NovWorkPlan2003.pdf>.
- The RRG will meet again on November 19 and 20 to hear about and discuss the proposal developed by the drafting group, and give their feedback.
- The RRG set December 10 and 11 as a tentative time for another RRG meeting if the RRG concludes that the proposal would benefit from more work and another review.

Work Group Reports

Congestion Management Issues. This group held two meetings and came up with a work-in-progress straw proposal and discussion of issues. The congestion management paper is available through the RRG page of the RTO West website.

The group reported focusing on altering day-ahead and daily operations to improve congestion management of the Northwest's combined transmission systems. Some thought the approach had the potential to make more efficient operational use of the existing system, but noted that the group did not have enough time to address long-term rights.

Others offered their views that what the congestion management group came up with is unworkable and falls short of what the Northwest's aspirations ought to be.

The RRG had a good discussion about the problems associated with cataloguing of existing contract rights and approaches for addressing the problems were offered.

The RRG also talked about solutions that can accommodate both control areas that wish to voluntarily consolidate and those that participate but do not consolidate their control areas. The RRG asked to hear more about what the entities that are considering voluntary control area consolidation have in mind in this area.

Regulatory Commission Issues and Role in Regional Transmission Entity Governance. Lou Ann Westerfield, Idaho Commission staff, briefed the RRG on a paper Dick Byers, Margie Schaff and she developed about what kind of role the states, provinces and tribes could play with respect to a regional transmission organization. The paper proposes both objectives for consideration and possible approaches to participation in the stakeholder process. No decision has yet been made as to what type of “coordinating committee” may be formed. Ms. Westerfield mentioned one idea is to explore with FERC the use of a “joint board,” and she emphasized that the states need to be collectively accountable to the Northwest region. They are looking for approaches that provide for more active oversight and involvement with forming RTOs.

Governance Issues. The governance work group held two meetings and developed a preliminary description of a possible governance approach. The draft possible approach to governance is available through the RRG page of the RTO West website.

The draft approach is an idea for exploring areas of overlapping interests and did not purport to be a proposal or recommendation to the RRG. The group reported having a lot of discussion about what would be enough input to the Board and the process to transition from a regional entity’s initial scope of activities. The work group discussions and the comments of the RRG highlighted the tension between accountability and independence. There also are concerns with how much confidence there needs to be in the “end-state.”

The RRG discussed the basic questions of what is the beginning state, to what point the entity should evolve, and talked about the evolution process or mechanisms for making changes. There were widely divergent views on governance, accountability and independence and the RRG did not indicate much support for the small group to work on these issues further.

Convergence. The convergence group held a conference call and used email exchanges to develop a list of the areas of similarities between the three proposed options. Using the notes from an earlier RRG meeting on commonalities and compatibilities, the list is a “snap shot” of where the similarities are at this point. The convergence document is not a concept for an RTO and is not meant to deter further progress. The group reported making a distinction in the document between an “independent entity”, where the Board has no relation to any market participant, and a “separate entity”, which may be controlled or influenced by market participants.

Report on SSG-WI Informational Filing to FERC

Sarah Dennison-Leonard explained the SSG-WI participants submitted an informational filing to FERC on January 7, 2003 outlining the SSG-WI work plan and deliverables for 2003. The filing, to be sent to FERC on October 31, 2003, describes SSG-WI accomplishments during the first three quarters of 2003. The centerpiece of the filing is the substantial analytical work accomplished by the SSG-WI Planning Work Group that

resulted in the “SSG-WI Transmission Report – Framework for Expansion of the Western Interconnection Transmission System.” The entire report can be downloaded from the SSG-WI website. The Executive Summary to this voluminous report is Attachment A of the filing.

In addition, the SSG-WI filing includes a general status report on the other SSG-WI work groups – Market Monitoring, Congestion Management Alignment, Common Systems Interface Coordination and Pricing Reciprocity. A report on work group progress is Attachment B to the SSG-WI filing.

SSG-WI Market Monitoring. Kristi Wallis briefed the RRG from a one-page summary distributed at the meeting summarizing the SSG-WI Market Monitoring proposal. The SSG-WI Steering Group passed a resolution on October 17, 2003 that 1) reaffirms support for a West-wide “umbrella” market monitoring function, 2) supports further development of the “umbrella” proposal, and 3) directs the SSG-WI Market Monitoring Work Group to work further on a list of issues.

The next SSG-WI Market Monitoring Work Group meeting will be on the morning of November 4, 2003. The Work Group will meet with CREPC and FERC’s OMOI in the afternoon.

Small Group to Work on “Hybrid” Proposal

After discussion on how to proceed, the RRG agreed that Bud Krogh would select a small group to prepare a work product for the RRG’s consideration at its next meeting. The product should be a substantive, workable “hybrid” proposal, recognizing that reaching complete alignment of all interests is not possible.

A near-term work plan was developed and noted during the RRG meeting; it is posted on the RTO West Website at <http://www.rtowest.com/Doc/NovWorkPlan2003.pdf> .

The near-term work plan describes the expected task of the group and gives guidance for selecting the group. Bud Krogh and the participants selected will work intensively in the weeks ahead of the next RRG meeting to build a proposal for RRG consideration that will be a good fit for the regional and can be supported by the region.

Next RRG Meeting on November 19 and 20, 2003

The next RRG meeting is scheduled for Wednesday, November 19, from 1:00 p.m. to 6:00 p.m. PST and Thursday, November 20, from 8:00 a.m. to 3:00 p.m. PST at the **Shilo Inn Suites Hotel** near the Portland Airport.