

Brief Summary of RTO West RRG Meeting February 12, 2004

Introduction

This summary is intended to briefly describe the major topics of discussion during the February 12, 2004 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 February 12 Meeting

- An RTO West RRG meeting was held at the Sheraton Portland Airport Hotel on Wednesday, February 12, from 10:00 a.m. to 2:00 p.m. PST.
- Approximately 53 people attended the RRG meeting, including approximately 24 designated RRG representatives. Three state representatives attended the meeting in person, and two state representatives listened by phone.
- The Process group presented materials showing more details about governance and technical work activities for the "next stage" development of the Regional Proposal.
- RRG discussed and gave feedback, some modifications were noted, and efforts will be initiated to form work groups and get work underway on technical and development tasks.
- The RRG was apprised that informational briefings scheduled with FERC commissioners about the RRG process and regional proposal have been postponed until the April timeframe.
- The RRG decided to meet again on Friday, February 27, 2004. The meeting will be from 8:00 a.m. to 3:00 p.m. PST at the Shilo Inn Suites Hotel.

Process Group Presentation of Details of Proposed Work Efforts

After agreeing at the February 5 RRG meeting to add more detail to proposed tasks, the Process Group prepared four documents to aid the RRG's understanding and discussion of the proposed work streams – 1) a process diagram focused on the governance and technical work streams (page 5 of this summary), 2) a revised diagram showing a proposed approach to technical work on the transmission service process for the beginning state (page 6 of this summary), 3) process group ideas for the governance work stream, and 4) a list of issues related to bylaws provisions for a "core" board. These materials were posted on February 11.

Details of Proposed Work Efforts – Governance and Board Work Stream

The Process Group prefaced its explanation of the governance work stream by noting that a decision has not been made yet to seat a core board. The governance process shows related work streams for creating the core board of the developmental entity (which would be non-jurisdictional under FERC) and for activities to eventually put the board of the operational entity (FERC jurisdictional) in place and commence beginning state operations.

The process group proposed four key decision points for first creating a developmental entity and then later transitioning to an operational entity. By decision point #1, the draft articles of incorporation and bylaws for the developmental entity and the operational entity would be drafted simultaneously. At this point the RRG would assess the proposed articles and bylaws for acceptability, and the RTO West board would determine whether to adopt the developmental entity bylaws taking in the RRG's input. If the bylaws are adopted, the filers would decide how to fund activities to create the core board, primarily the search for core board candidates. The operational bylaws may be acceptable at this point, but they would not take effect unless the organization becomes operational at decision point #4.

At decision point #2, the RRG would assess the proposal to seat a core Board. If the decision is made to seat the core Board, the Trustee Selection Committee (TSC) would be formed and the core board elected. At this point, the filers would decide how to fund the period when the TOA is negotiated and offered to eligible transmission owners.

At decision point #3, the core board would be ready to offer the TOA to eligible transmission owners. At decision point #4, if the TOA is executed by a requisite minimum number of participating transmission owners, the TSC elects the full operational board, and funding is put in place for operational startup.

Decisions made during the developmental process will be informed by the technical work. The general technical work will be handed off to the core board when it forms and moves to begin negotiations with potential participants.

Commenting on the good ideas shown in the work streams, one state representative noted that the parallel path for activities of filers' with state regulators and FERC will need to be worked out. Another state representative added that the process diagram was a useful framework to help the regulators understand the flow of work and decisions along the way. The conversations underway between the filers and states could be considered a "work group" effort.

Some RRG members expressed strong support for the work process laid out by the process group for governance and technical work. However, others didn't find the governance approach acceptable until more was known about the details of the beginning state and the entity they are being asked to join. There were questions about how much detail would be known about the TOA at the point when participants enroll as members of the developmental entity. Those who needed to know more before they joined also said that they needed resolution to BPA issues before they could decide whether to participate in the developmental entity, and mentioned the importance of risk/reward studies as part of evaluation of the proposal.

List of Issues Related to Bylaws Provisions for "Core" Board

The process group noted a list of issues that it believes should be addressed during the development of bylaws allowing the region to create and elect an early core board. The bylaws of the developmental entity would guide the mission of the core board during the pre-operational phase. The operational bylaws would in many respects track the Stage 2 bylaws with modifications to conform to the Regional Proposal. The list of issues covers such key questions as process for regional input, board purpose and structure, and transition from core board to operational board. The number of issues will be expanded as questions arise.

Details of Proposed Work Efforts – Technical Work Stream

The Process Group said the intention is to do as much technical work as possible before decision #2, the point where the filers decide whether to seat the core board and fund the negotiation of the TOA development and the offer periods. A proposed process for the general technical work defining beginning state details was illustrated in a chart showing a proposed Transmission Services Liaison Group (TSLG), with a Core Technical Staff, and other development groups as needed. The process group noted these ideas for technical work on the beginning state were presented at the last RRG meeting and generally supported.

It was proposed that Bud Krogh select about fifteen people to participate on the TSLG. The TSLG will provide guidance and review to the Core Technical Staff and bring policy discussions to the RRG. The composition of the Core Technical Staff has not been decided. It was proposed that TSLG at its initial meeting develop a recommendation for RRG consideration – either the core staff is contracted support or four-five people from the region detailed full-time to the technical work. Decisions about future work will affect the filers funding arrangements and filers were asked to report to the RRG on arrangements for funding activities.

Modifications to Proposed Process to Address More Details Before Membership

During a break in the meeting, the process group made modifications to the process diagram and explained to the RRG changes made to address concerns of those who wanted to know more details about the beginning state, the TOA, and resolution of BPA issues before they were asked to join the development entity. These changes, shown in green (on page 7 of this summary), highlight beginning membership enrollment after decision #1, and move further enrollment, selection of the TSC and election of the core board to a point that coincides more closely to decision #2 when filers decide whether to fund the next stage of TOA negotiation. At the same time, working out the contours of the TOA, better defining the beginning state, and working on BPA issues would occur early in the technical work and continue until a “workable” proposal was reached.

There were no objections to using the process diagram, with modifications, as a basis for forming work groups and getting work underway. The Process Group will put together a single set of documents that show all elements of the “next stage” process to develop the Regional Proposal, and will provide a better narrative description of the up-to-date process diagrams.

Next Steps

Activities to get underway by the next RRG meeting:

- Form Transmission Services Liaison Group (TSLG)
 - Hold initial meeting
 - Prepare recommendation for RRG on Core Technical Staff
- Form Bylaws Group and start work on drafting bylaws
- Start other work group activities, e.g., facilities
- Work on state and BPA processes
 - BPA draft straw proposal for BPA approval process
 - BPA discussions on other issues, e.g., contract lock and GTAs

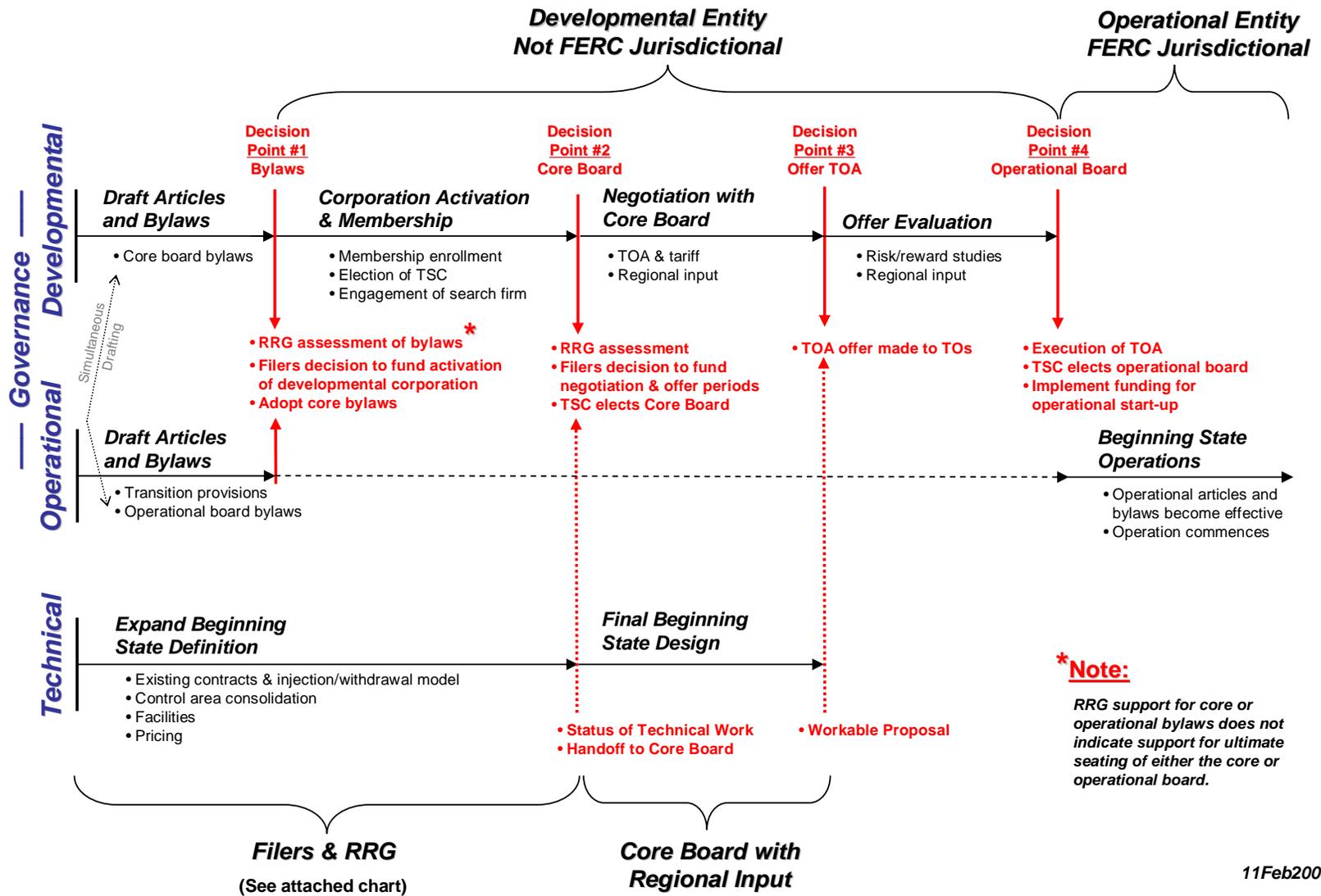
RRG Meeting on February 27

The purposes of the next RRG meeting are:

- Process Group presents up-to-date “next step” process documents
- RRG provides feedback to Bylaws Group on issues list related to provisions for core board
- TSLG recommends composition of Core Technical Staff and RRG provides feedback
- RRG hears status report on formation of other work groups
- BPA reports on straw proposal for its approval process

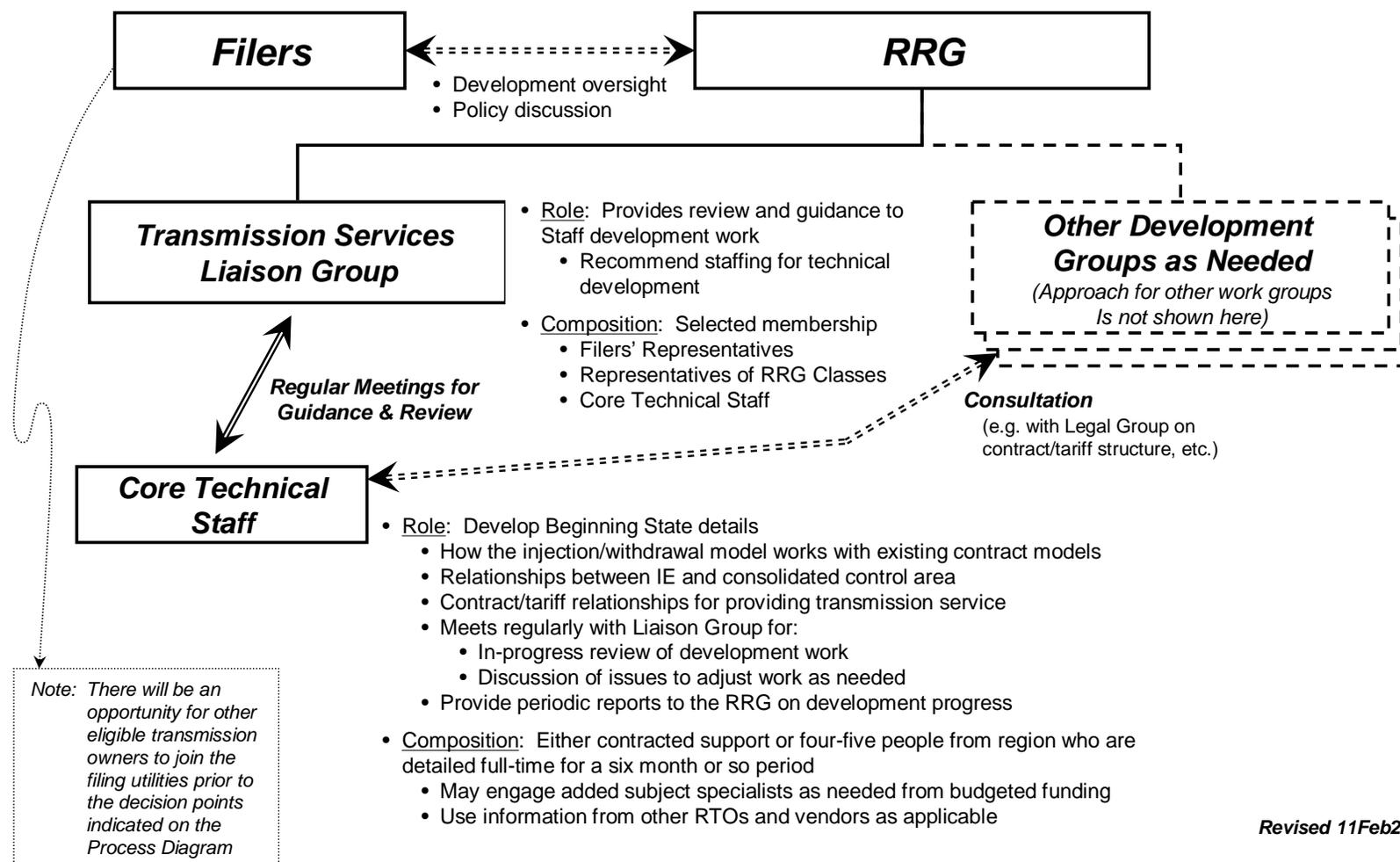
The RRG will meet Friday 27, 2004. The meeting will be from 8:00 a.m. to 3:00 p.m. PST at the Shilo Inn Suites Hotel.

Process Diagram



11Feb2004

Proposed Approach to Technical Work on Transmission Service Process for Beginning State [General Technical Task 1(a)]



Revised 11Feb2004

Process Diagram

