

Brief Summary of Grid West RRG Meeting June 24, 2004

Introduction

This summary is intended to briefly describe the major topics of discussion during the June 24, 2004 meeting of the Grid 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 June 24 Meeting

- An RRG meeting was held at the Sheraton Portland Airport Hotel in Portland, Oregon on Wednesday, June 24, from 8:40 a.m. to 4:00 p.m. PDT.
- Approximately 46 people attended the RRG meeting, including 24 designated RRG representatives. Two state representatives attended the meeting in person and one state representative participated by phone.
- The Transmission Services Liaison Group reported on a June 23 meeting with The Structure Group to do some initial planning of technical work that will be performed over the next several months.
- The main purpose of the RRG meeting was for the Bylaws Work Group to review rewrites and present substantive revisions to the proposed Operational Bylaws and proposed Developmental Bylaws.
- The DC Court of Appeals Case – California Independent System Operator Corporation vs Federal Energy Regulatory Commission and Duke Energy, June 22, 2004 – was reviewed briefly in the context of the bylaws' discussion.
- The next RRG meeting is June 30. This is the bylaws are "Good Enough Date" for BPA's "due diligence" and review during the summer.
- Activities were listed that will be underway while summer review is taking place. A proposed plan for resuming RRG meetings was drafted. Teleconferences to update the RRG may be scheduled as needed in July and August; the RRG plans to meet again on September 23 and 24 to hear a report from BPA and progress reports on other summer activities.

Transmission Services Liaison Group (TSLG) Meeting with The Structure Group

Steve Walton reported that the TSLG met with three individuals from The Structure Group on June 23. A contract with The Structure Group was executed. This first meeting was for orientation and initial planning of the work that will be conducted over the next several months. The TSLG expects to meet again with The Structure Group on July 14-15 for further orientation and to learn about information The Structure Group is compiling, through its market intelligence team, on RTO/ISO costs and issues and features that drive costs.

Review of Substantive Changes in Proposed Operational Bylaws

The Bylaws Work Group explained substantive changes made in the June 23 version of proposed Operational Bylaws. The proposed Operational Bylaws may be amended in only two ways – by Member approval of a Board of Trustees’ proposal to amend the bylaws, or by a Member-initiated proposal to change to the bylaws. The corporation may be dissolved in two ways – Members approve a Board of Trustees’ proposal to dissolve, or the Board must convene a special meeting to vote on dissolution if FERC orders a change to the Articles or Bylaws and Members do not approve the change.

These proposals raised the topic of the DC Court of Appeals Case, California Independent System Operator Corporation vs Federal Energy Regulatory Commission and Duke Energy, June 22, 2004. The RRG discussed the potential implications of the outcome of the case. The Bylaws Work Group presented a slide summarizing the case theory:

- *Court of Appeals confirmed that FERC cannot order changes to governance;*
- *FERC’s authority is limited to denying or withdrawing ISO and RTO status if FERC independence requirements are not satisfied.*

The Bylaws Work Group proposed changes to sections 1.1.21 (iii) and 5.2.3 (iii) and (iv) in an attempt to balance the needs of generators and end-use consumers. Representatives of these classes were not satisfied with the current proposals, but they pledged to seek a satisfactory solution by the next RRG meeting.

With the respect to the Special Issues List, section 7.16.3, the Bylaws Work Group added timing requirements for Board authorization to exercise “backstop” measures. The Bylaws Work Group also indicated that it would attempt to suggest further definition of key terms in the Special Issues list, such as “backstop,” “company rate approach” and “financial rights.”

Most other substantive changes in the Operational Bylaws did not raise further concerns or issues. The Bylaws Work Group reviewed the proposed Operational Bylaws section-by-section with the RRG, answering questions and noting areas that need to be addressed by the next meeting.

Review of Substantive Changes in Proposed Developmental Bylaws

The Bylaws Group explained substantive changes made in the June 23 version of proposed Developmental Bylaws, noting many of the changes in the Developmental Bylaws conform to changes in the proposed Operational Bylaws. An issue anticipated to be left open in the Developmental Bylaws is the timing and nature of any vote on adopting the Operational Bylaws.

