



Risk/Reward Workgroup

Cost/Benefit Model Review

Survey Overview

Cost Estimation



Workgroup Objective

Produce preliminary risk/reward analysis prior to seating the developmental board

Activities:

- Review existing cost/benefit models for data that can be brought forward
- Further delineate and quantify problems and opportunities
- Review probable cost of Grid West implementation



Cost/Benefit Model Review

What we've done so far:

- Reviewed the TCA study in detail, to determine what benefits if any might apply to Grid West.
- Began a review of estimates of regulation benefits associated with consolidation.



Preliminary Conclusions:

- TCA's \$171 in "congestion rent" savings are not applicable to Grid West.
- Questions remain about the current use of hydro resources to meet reserve requirements and about the assumptions used to estimate savings from pancaking.
- Assessment of regulation benefits, in terms of MWs, seems reasonable. Value of those savings needs to be re-examined.



Next Steps

- Review SnoPUD/Henwood benefits estimate once the full report is released. (could help answer some questions about TCA)
- Collect real time data on use of hydro resources to meet reserves.
- Estimate value of regulation benefits.
- Coordinate with Consolidated Control Area efforts to estimate benefits.
- Consider need for further modeling prior to Decision Point 4.



Survey Overview



Survey Development Process

- Initial draft survey questionnaire (July 2004)
- Received comments (July and August 2004)
- Conducted “dry run” interviews (August and September 2004)
- Redrafted the survey questionnaire (October 2004)



Next Steps

(November and December 2004)

- Send out survey questionnaire
- Set up interviews
- Collect information
- Compile results



Survey Candidates

- Filing Utilities
- Other Entities, including
 - Clark Public Utility
 - Deseret
 - EWEB
 - ICNU
 - NIPPC
 - Northwest Requirements Utilities
 - PNGC
 - Powerex
 - Power Resource Managers
 - PGP
 - Seattle City Light
 - Snohomish PUD
 - Tacoma Power
 - TransAlta
 - UAMPS



Producing Results

- Focus on events during calendar years 2002 to date
- Narrative responses to many questions
- Quantification of the impact (direct and indirect) where possible
- Description of the basis, data and methods used for quantification
- Relevant dates of occurrence
- Parties involved
 - results will be reported with identities concealed
 - Entity A, Entity B, Entity C, etc...
- Cause of the problem, if known



General Survey Topics

- Production Cost
- Transmission System Operations
- System Capability and Scope
- Existing Transmission Constraints
- Inconsistent Treatment of Generators/Loads
- Tariff and Business Practice Confusion
- Planning/Expansion



Sample Questions

- Extent to which production costs are affected by redispatch or lack thereof
- Frequency and magnitude of curtailment orders
- RAS impacts on transfer capability and economics
- Costs incurred due to preschedule and real-time curtailments
- Economic inefficiencies associated with existing Ancillary Services markets
- Costs associated with dispute resolution efforts
- Costs incurred due to delays associated with the queuing process
- Examples of how improved coordinated planning efforts could benefit integrated resource planning



Cost Estimation Approach

- Considerations:
 - functional characteristics,
 - benchmark data, and
 - other information about cost drivers
- Compiling Information from all sources (next slide)
- Develop cost estimation framework and report



Cost Estimation Data Sources

- TSLG-Structure Group Cost Drivers Presentation
- PPC PowerPoint Presentation
- Consolidated Control Area Scoping Activities
- APPA Survey (if available)
- FERC Report Issued October 6, 2004
- TSLG Module 5 Cost Report
- Other reports and data that become available



Next RR Workgroup Meeting/ Conference Call

- Production Cost Review
- Survey
- Cost Estimation

