

Risk Reward Study Group  
 Meeting #3 – Facilitator’s Notes  
 June 29, 2004

**Notice**

These facilitator’s meeting notes have been prepared for the personal use of the participants in the Risk Reward Study Group (Rn’R Group). These notes do not necessarily represent the position of any individual participant or the position of the group as a whole. Because different views and positions may be developed in subsequent discussions, these notes are provided solely for information purposes and to communicate the general nature of the discussion.

**Attendance**

Member	On Site	By Phone	Absent
Ray Bliven (DSIs)	X		
Stefan Brown (OPUC)	X		
Dick Byers (WUTC)		X	
Pete Craven (PacifiCorp)			X
Tom DeBoer (PSE)			X
Chris Elliott (Grid West Coordinating Team)	X		
Tom Foley (Renewable Resources Community)	X		
Jim Hicks (PacifiCorp)	X		
Dave Hoff (PSE)			X
Bob Kahn (NIPPC)		X	
Bud Krogh (Grid West Coordinating Team)	X		
Larry Nordell (MT Consumers)		X	
Mike McMahan (Snohomish PUD)		X	
Terry Morlan (NWPCC)			X
Kevin O’Meara (PPC)	X		
Carol Opatrny (BCTC) - <i>Co-Lead</i>	X		
Lon Peters (PGP)	X		
Ken Petersen (Idaho Power Company)			X
Janelle Schmidt (BPA) - <i>Co-Lead</i>	X		
Marilynn Semro (SCL)	X		
Vito Stagliano (Calpine)			X
Louann Westerfield (IPUC)			X
Linc Wolverton (ICNU)	X		

Guests/Replacements:  
 Margot Lutzenheiser (PPC)

## **Topics of Discussion**

### **1. Review of Problem Quantification Group Meeting (6/28/04)**

*Carol reviewed the results of the first meeting of the problem quantification sub group:*

Attendants:

Janelle Schmidt, Carol Opatrny, Marilynn Semro, Chris Elliott, Tom Foley and by phone, Linc Wolverton, Ken Petersen, Ray Bliven and Jim Hicks.

The group met on June 29<sup>th</sup> specifically to review and discuss a matrix that captures the problems, identified by the RRG, associated with the existing transmission systems in the region. The group discussed the seven general categories, Production Cost, Transmission System Operations, System Capability and Scope, Existing Transmission Constraints, Inconsistent Treatment of Generators/Loads, Tariff and Business Practice Confusion and, Planning/Expansion, as well as the sub-categories contained in each. The discussion focused on better understanding the stated problems and how best to get information on each element.

There was general discussion about the value in gathering as much relevant information as possible but within reason; the group agreed to seek at least two years, e.g., 2002 – 2003 of information. The group also discussed the value in reformatting the matrix into a survey in order to aid in expediting data/anecdotal information collection, however, there is some concern that the information that is sought may be considered sensitive.

*Next Steps/Commitments:*

- Carol and Janelle will develop a survey on problems for participants to fill out.

No sub-group meeting is scheduled between now and the next Steering Group meeting of July 23<sup>rd</sup>.

### **2. Sensitivity/Data Sharing Issues**

Carol led a discussion on what system we will use to honor the confidentiality of data shared through our data gathering process.

- There were no confidentiality agreements executed between participants and RTO West associated with the TCA study. There was an agreement between the TCA contractor and RTO West.

- Question as to whether we are talking about confidentiality or indemnification?
- In Washington, information shared with the WUTC can be unilaterally declared as confidential. It is, however, the utility's job to defend its need for confidentiality, if challenged.
- Do we still have an open docket under FERC? Can that be used?
- Sarah Dennison Leonard has looked into similar confidentiality issues for other tasks.

#### *Next Steps/Commitments*

- Carol and Janelle agreed to coordinate with Sarah Denison-Leonard in the event some sort of confidentiality agreement or data masking is necessary.
- Bud will look into the question of the open docket under FERC.

### **3. Work Plan**

The group reviewed a proposed RnR Work Plan drafted by Janelle and Carol. The following comments were made:

- There was a discussion of baseline – what are we considering as the baseline conditions for our risk reward work? One party suggested that the baseline should be the world which *has* the problems identified by the RRG last fall. Another suggested that we should consider either a different baseline (one where problems may be solved via different routes) or alternatives to Grid West. Though there was no final conclusion to this discussion, the group generally agreed that its job was to quantify existing problems, to address the Grid West proposal and that some parties may use the data developed to evaluate other scenarios if they see fit to do so.
- Remember that this preliminary work is not expected to be comprehensive – we are unlikely to have enough time to cover all the areas of cost and benefit.

### **4. RTO Cost Comparison – Overview and Presentation**

Margot Lutzenhiser of the Public Power Council (PPC) shared the results of her ongoing efforts to quantify and compare the operating costs of various existing RTOs/ISOs. Presentations on this work have been made to the PPC, the American Public Power Association (APPA), and others. It's expected the RnR's cost sub-group will use this work.

The discussion consisted of clarifying questions, comments from Margot as to how she gathered information and what kinds of information she is having difficulty getting.

There was also discussion of how to interface with the TSLG and The Structure Group.

*Next Steps:*

- Janelle will ask Carol to follow up with The Structure Group to better understand their cost assessment assignment.
- Janelle will ask Carol to check in with the TSLG/The Structure Group to see if Margot can tap into The Structure Group expertise and contacts in order to obtain data that has, to date, been elusive.
- Janelle will schedule first meeting of cost sub-group. Jim Hicks asked to be added to that group.

**Materials Provided**

- RRG Risk Reward Group Preliminary Work Plan – 6/21 draft (Opatrny/Schmidt)
- Comparative Analysis of ISO/RTO Costs: APPA National Conference 6/21/04 (Lutzenhiser)
- Updated Version Table 23: Operating Costs of ISOs/RTOs (Lutzenhiser)
- Review of Cost Benefit Assessments *outside* the Northwest (Schmidt)

**Next Meeting**

- July 23, 9 am - 1 pm, in Seattle near airport. (Subsequently shifted to 9:30-1:30 at the Prime Hotel near SEATAC).