

Risk Reward Study Group
Meeting #6 – Facilitator’s Notes
December 8, 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 informational 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
Kurt Conger (Grid West Coordinating Team)	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)	X		
Mike McMahon (Snohomish PUD)		X	
Terry Morlan (NWPC)			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		
Lou Ann Westerfield (IPUC)			
Linc Wolverton (ICNU)	X		

Guests/Replacements:

- Sarah Dennison-Leonard (Grid West Coordinating Team)
- Roger Grim (Idaho Power Company – by phone)
- Kurt Granat (PacifiCorp)

Topics of Discussion

1. Survey Effort Update

Carol Opatrny gave a summary on the survey effort. So far, 3 of the 27 surveys have been “completed”; the British Columbia Transmission Corporation sent in a completed survey; the Public Power Council (PPC) sent in a letter indicating that it has “serious questions” about the survey, i.e., how it will be used and how the results will be analyzed; and, Snohomish PUD sent in a completed survey, indicating agreement with many of the concerns raised by the PPC.

In addition, all of the survey candidates have been contacted since the last RR workgroup meeting. Most indicated that they haven’t had time to work on this and so, the November 30th deadline could not be met, however, a deadline of January 30th could probably be met.

Other concerns voiced by the survey candidates included:

- Confidentiality of sensitive information: these respondents were instructed to only include information that they were comfortable sharing. They were also asked to make notations as to where confidentiality concerns affected their responses..
- Survey Length (it is too long and takes too much time to complete): These respondents were instructed to share whatever information could be readily shared and told that the RnR group would likely request follow-on discussions, once general problems are identified by the responses.
- Respondents’ belief that they have inadequate knowledge of transmission system (they had difficulty answering many questions due to a lack of knowledge, e.g., many of the region’s power customers of BPA do not directly use the transmission system). These respondents were instructed to answer what they could, recognizing that the survey was designed for various market participants; no single entity was expected to be able to answer all questions.

Note: Since the RR workgroup met, Clark Public Utilities and Power Resource Managers (PRM) have submitted completed surveys.

Discussion: Survey Purpose and Process

The group discussed the purpose and process associated with the survey and generally agreed that the survey will involve a number of steps, starting with a scoping effort (presumably what the RRG accomplished with its Statement of Problems and Opportunities) and now a type of reconnaissance effort which will necessarily be followed by further efforts to quantify and delineate identified

problems. Some remarked that a survey effort typically involves a number of iterations before it can be successfully completed.

The group agreed that the purpose of this first level survey should be to get a handle on the magnitude of the various RRG-identified transmission system problems and understand how they might be quantified. Ultimately, the purpose of the survey process (which will include further surveys and interviews) is to collect concrete examples of problems that need to be addressed and, to the extent possible, quantify the cost of these problems to the region. If the problems can be reliably quantified, the RnR group will attempt to correlate those costs to Grid West's ability to resolve the problems and yield benefits to the region. This survey process and its results will also help the RnR workgroup determine the form of its cost/benefit analysis.

Discussion: Confidentiality

Concerns about confidentiality were raised for discussion. Discussants reiterated concerns that some data could not be shared without a very good understanding of how confidentiality and liability would be addressed. Two solutions were suggested: (1) If a respondent is uncomfortable sharing data for reasons of confidentiality, flag the survey question to denote this concern and follow-up discussions will be conducted to see if there are any ways to allay these concerns or remedy the vulnerability: (2) We are careful about who reviews the survey, making sure that market-sensitive data are not viewed by those that might take advantage of it (i.e., representatives of generation owners or affiliates of generation owners). Carol (BCTC) and Janelle (BPA – Corporate) offered to refrain from reviewing the survey answers, if needed.

The PPC Letter

The group further discussed the PPC letter that was submitted as part of this effort. The gist of the PPC letter was summarized by Kevin O'Meara who indicated that the letter was raising one question and one procedural issue: (1) where the survey was going?, e.g., the PPC Rates and Contracts committee was of the opinion that more specifics and details regarding a handful of questions were needed; and, (2) there was a general concern that a BCTC representative was directly involved in the survey process.

In response to Mr. O'Meara, the observation was made that the questions in the survey were designed to directly reflect the problems and opportunities assembled by the Regional Representatives Group (RRG). Therefore, the questions had to consider all problems/opportunities as well as multiple users of the region's transmission systems. Limiting the survey to the several questions that the PPC considered appropriate would not have been adequate, given the task at hand. The observation was made that the questions delineated in PPC's letter were in fact, included in the survey.

The Snohomish PUD Letter

The group discussed the Snohomish PUD letter that was submitted along with the PUD's completed survey. In this letter, a number of policy issues were raised (i.e., surveying respondent's expectations as to Grid West's prospects rather than asking for specific data on problems) and the workgroup agreed that those issues are better addressed by the RRG.

Conclusion

Recognizing the need to secure the information that the survey seeks, the group discussed various ways to proceed. There was general support for having a conference call with all survey respondents in order to: (1) review the purpose of the survey (the purpose being to scope out the magnitude of RRG identified problems and determine where further analysis of their data might yield cost/benefit information); (2) to take comments as to issues that have come up in attempting to respond to the survey; (3) to secure some sort of response to the survey, if only cursory; and, (4) to emphasize that the survey is directed toward varied market participants and that each respondent does not need to answer every question. This approach would have the added benefit of "simplifying" the process by underscoring the purpose it is intended to serve as well as clarifying that it is a starting point in the process of informing the design of Grid West.

It was suggested that this conference call be could also be used to narrow the confidentiality concerns.

2. Linc Wolverton's Proposed Analytical Framework

Linc Wolverton presented a suggested Analytical Framework that he thought might be used to organize (1) the problems that the survey is seeking input on; (2) the various ways to define the "with" and "without" Grid West; and, (3) the various questions that would need to be answered to address each of the identified problems. There was some discussion about the timing of adopting the proposed Framework, given the amount of survey work that still needs to be accomplished and the input that the survey could provide to this type of approach, i.e., in terms of identifying the main problems. However, there was general support for the structure and how it could lend itself to evaluating various elements associated with the Grid West Beginning State.

Mr. Wolverton agreed to shepherd this effort and requested input from the group members on the format and content that he shared.

3. Next Meeting(s)

- January 10, 2005 (10-12 pm PST) Conference call with survey recipients.

Time: 10:00-12:00 Bridge: 503-813-5600 or 1-800-503-3360

Mtg Id/Passcode: 438585

Mtg Name:Risk Reward

- January 10, 2005 (1-4 pm PST) RnR Meeting
- Grid West Office, teleconference phone-in will be available.

Materials Provided

- Problem Quantification Survey
- November Letter from the Public Power Council
- November Letter from Snohomish PUD
- Linc Wolverton's proposed Analytical Framework