

Brief Summary of RRG Conference Call Held on February 10, 2005

This summary is intended to briefly describe the discussion and updates given to the Grid West Regional Representatives Group (RRG) on the February 10, 2005 conference call. 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 on the RRG call agreed with or endorsed the remarks described in this summary.

February 10, 2005 Conference Call

- A one-and-a-half hour conference call was held on Thursday, February 10, 2005. About fifty people participated on the conference call.
 - The RRG heard updates on some of the work group activities underway:
 - Pricing Work Group;
 - Transmission Services Liaison Group; and
 - Risk Reward Group.
 - Reports were given about outreach efforts of the Seams Steering Group-Western Interconnection (SSG-WI), and about SSG-WI's transmission expansion planning and market monitoring activities. The RRG discussed continuing engagement with the SSG-WI.
 - Spokespersons for the Transmission Issues Group (TIG) talked with the RRG about TIG and the potential for interaction between the RRG and TIG.
- During the call a number of topics were noted for discussion at the next meeting of the RRG, which is on Thursday, February 24, from 1:00 p.m. to 5:00 p.m. PST and on Friday, February 25, from 8:30 a.m. to 12:00 p.m. PST at the Portland Airport Sheraton Hotel.

Report from the Initial Meeting of the Pricing Work Group

- Sarah Dennison-Leonard reported that the Pricing Work Group held its first meeting on February 3, 2005.
- The group is made up of nine representatives from the filing/funding utilities and nine non-filer participants.
- The first meeting was spent reviewing background information about the Stage 2 pricing proposal, reviewing the regional proposal on fixed cost recovery and what the Grid West bylaws say about the company rate approach. The group also spent time understanding the Transmissions Service Liaison Group's ideas for transmission service structures. Plus, the group briefly discussed the updated draft spreadsheets showing filing utility revenue requirements.
- An "idea bin" of areas that the Pricing Work Group may need to address was compiled at the first meeting.
- Background materials including the pricing spreadsheets and the "idea bin" are posted on the Pricing Work Group page of the Grid West website.

- The next meeting of the Pricing Work Group is February 16, 2005. The group will consider the initial ideas and background information and develop a work process and identify deliverables of the pricing effort. The game plan will be reported to the RRG at its next meeting.

Update from Transmission Service Liaison Group (TSLG)

- Steve Walton reported that the Transmission Service Liaison Group (TSLG) revised its list of white papers and now intends to prepare twenty-six papers covering the entire market and operational design. The aim is to have a first draft of all papers to TSLG by the end of March and release the papers to RRG when they are ready.
- All white papers will be completed and available by the end of April for comment and for an RRG seminar in May.
- The first paper that will be released is an overview, which is currently evolving as work continues. The TSLG will aim to have an outline of the overview paper ready to discuss with the RRG at the next RRG meeting. As papers are ready, the plan is to review them with the RRG and get input at meetings of the RRG.
- In response to a comment about factoring in the costs of market monitoring in the basic design, it was suggested that the RRG get an update on the SSG-WI market monitoring proposals for west-wide assessment and reporting functions and discuss scheduling any needed work on market monitoring at its next RRG meeting.

Update on Survey from the Risk Reward Group

- Carol Opatrny reported that the focus of the Risk Reward Group is to continue compiling results from the survey that was sent out in October of 2004. In January the survey effort was re-focused on getting narrative descriptions of problems and opportunities instead of trying to collect quantitative data in the first pass.
- Carol and Kurt Conger are following-up with those that the survey was sent to and expect to receive at least 80% of the completed surveys in the near future. The next step is to summarize the results (and mask the identity of entities mentioned in the responses).
- Janelle Schmidt noted that respondents might raise issues of confidentiality that will need to be addressed as more detailed information is submitted.
- Lon Peters mentioned that Linc Wolverton started work on a matrix for summarizing responses and making comparisons of the current state and Grid West.
- Janelle added that the survey output, along with other research and information from the consolidated control area activity, would be summarized in this matrix. The matrix output will likely be low, medium, and high estimates of potential benefits based on assumptions.

Discussion of SSG-WI Activities and RRG Engagement with SSG-WI

- Dean Perry said the SSG-WI “outreach” effort started last fall and is tied into a CREPC effort to focus on the need to address commercial issues in the western interconnection.
- The role of SSG-WI needs to be re-evaluated in light of what people say is needed in the west. Dean noted some of the comments heard from the outreach effort:
 - Make sure there is an understanding of the commercial issues and what needs to be addressed;
 - Broaden membership and governance;
 - Look at the roles of existing organizations with an eye for minimizing organizational overhead and maximizing efficiency;
 - Keep transmission expansion planning and market monitoring activities going; these efforts are worthwhile.
- A “Western Assessment Group” (WAG) is preparing a white paper that addresses four areas – planning, market monitoring, resource adequacy, and coordination with the North American Energy Standards Board (wholesale electric quadrant) on business practices.
- Next steps of the outreach effort are to meet with a broader group of stakeholders in the Southwest and in California, and involve the RRG in the Northwest.
- Kristi Wallis gave the RRG a brief overview of the proposed market monitoring pilot project that is being facilitated through SSG-WI. The idea behind the pilot project is to help answer questions people have about west-wide market monitoring. Kristi agreed to prepare some bullet points about the SSG-WI market monitoring proposed pilot project and present the briefing at the next RRG meeting.
- At the next RRG meeting, the RRG will further discuss SSG-WI transmission expansion planning and market monitoring efforts and how the RRG can engage in helping to shape regional policy in these areas.

Discussion of TIG Activities and RRG Interaction with TIG

- Allen Burns started the discussion by saying that BPA, in its closeout letter, had challenged the Transmission Issues Group (TIG) to expand its efforts to include more regional stakeholders as it deals with short-term issues. He suggested that TIG could report on its activities to RRG with the RRG playing an advisory role.
- Tim Culbertson, co-chair of TIG, responded that TIG was “a little bit guarded” about making reports to the RRG. TIG wants to be successful and include a broad level of participation; it wants to demonstrate that “a big infrastructure” isn’t needed. However, Mr. Culbertson suggested that TIG needs a chance to pull together its approach for interacting with RRG at TIG’s upcoming meeting on February 15.
- Lon Peters noted that TIG meetings are open to everyone’s participation according to TIG’s ground rules, and, therefore, a more specific stakeholder input process was not needed.
- TIG representatives agreed that they could give an information sharing report to the RRG at the next RRG meeting.

- Mr. Culbertson said the door isn't closed to TIG participating at a different level with RRG in the future.
- Bud Krogh will talk with Mr. Peters about how to frame the TIG report and discussion for the next RRG meeting.

Next RRG Meeting on February 24 and 25

- **The RRG will meet in-person on Thursday, February 24, from 1:00 p.m. to 5:00 p.m. PST and on Friday, February 25, from 8:30 a.m. to 12:00 p.m. PST at the Portland Airport Sheraton Hotel.**
- Topics will include:
 - Reports from the work groups;
 - A report about the SSG-WI market monitoring pilot project and about SSG-WI transmission expansion planning work; discussion of SSG-WI outreach activities and expanding regional participation with SSG-WI;
 - Further discussion with TIG about potential RRG and TIG interaction; and
 - Report about Grid West membership activities.