

## **Brief Summary of Grid West RRG Meeting September 29, 2005**

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### **Introduction**

This summary is intended to briefly describe the discussion during the September 29 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 September 29, 2005 Meeting**

- The RRG met at the Portland Airport Sheraton Hotel in Portland, Oregon on Thursday, September 29, from 9:00 a.m. to 4:10 p.m. PDT.
- Approximately 95 people attended the RRG meeting, including 31 designated RRG representatives. Six state representatives attended the meeting in person and five state representatives participated by phone.
- First, Bud Krogh summarized the work completed on Grid West for Decision Point 2. He described the substantial amount of work and time contributed on technical design, pricing, risk reward, governance, and educational outreach.
- Several people presented a "Straw Proposal for Convergence of the TIG and Grid West Concepts" and answered questions about the proposal.
- Next, all RRG members and other participants gave their input to the Interim Board and funding utilities on whether they should proceed with steps to fund further development of Grid West and proceed with electing the Developmental Board.
- Those who advocated taking more time to work on integration of TIG and Grid West discussed a potential process for developing a detailed convergence proposal. This group plans to hold two-to-three public meetings during October.

### **Summary of Grid West Work Completed for Decision Point 2**

Bud Krogh summarized the work completed for Decision Point 2 -- the contributions of the RRG, the tremendous amount of effort by TSLG, pricing, and risk reward work groups, and legal and outreach activities since the December 9, 2004 Decision Point 1 meeting. The work activity completed for Decision Point 2 included more than 140 meetings of the RRG, workshops, and work group meetings and conference calls, plus countless hours of effort by many parties in the region. An Integrated Proposal for Grid West Decision Point 2 was issued on July 22, 2005. This proposal for an independent transmission provider includes a comprehensive set of white papers on market and operational design, a proposal for Grid West pricing and cost recovery, results of preliminary estimates of costs and benefits of Grid West, a plan for staged implementation and near-term activities, and proposed funding commitment documents and two-year budget.

## **Presentation of “Straw Proposal for Convergence of the TIG and Grid West Concepts”**

Tim Culbertson thanked the RRG for time to describe the efforts of parties who recently worked to develop a proposal for converging concepts of the Transmission Improvements Group (TIG) and Grid West. Tim said there are enough similarities in the TIG and Grid West proposals to find “some middle ground,” although there are differences, too. For public power avoiding FERC jurisdiction and an independent board that is really accountable to the region are of paramount importance. Tim said the straw proposal for convergence is just a starting point; there wasn’t consensus among the group.

Others who spoke on behalf of the convergence effort included Paul Elias, Ted Williams, Pat Reiten, Susan Ackerman, Tom DeBoer, Frank Afranji, Bill Gaines, Bud Tracy, and Allen Burns. Allen noted that BPA had received a lot of good comments about TIG and Grid West and the straw proposal for convergence draws heavily from both approaches. “Picking” one or the other is troubling to BPA. There is value in trying to converge the two concepts. At this point Allen added that his boss, BPA Administrator Steve Wright, has allowed 30 days to work on convergence at which time BPA will make its decision.

Chuck Durick, who initially participated in the efforts of the convergence group before Idaho Power withdrew its support, observed that there was a good faith effort to find common ground, but for Idaho the effort has strayed too far from workable solutions.

Ted Williams summarized elements in the paper, “Straw Proposal for Convergence of the TIG and Grid West Concepts,” which was sent to the RRG. A non-profit, non-FERC jurisdictional, member organization will implement near-term services in the TIG proposal while at the same time continuing to work to ultimately implement features developed by the Grid West Transmission Service Liaison Group (TSLG). This “Charter” entity will be independent within a defined scope. Ted added the group talked a lot about the board of the entity having a “Northwest pedigree” and limiting “scope creep.”

RRG participants commented and asked a number of questions. Some were supportive of convergence, or what was called integration efforts, but at the same time questioned whether 30 days was enough time. Allen Burns responded that BPA sees a “surgical” approach and “rifle shot” changes to the bylaws. Others commented that opening the bylaws to amendments would take much more time, and viewed the straw proposal as a delay.

## **RRG’s Input on Decision Point 2**

After a break, the RRG moved on to the purpose of the September 29 meeting – RRG input to the Grid West Interim Board on whether to proceed with Grid West, which includes providing funding for a 2-year development process and taking steps to elect and seat the Developmental Board. All RRG representatives at the table, and on the phone, gave their views. Input from a number of other RRG meeting participants was voiced as well as. Not surprisingly, advice on what to do at Decision Point 2 varied.

A number of RRG representatives urged the Interim Board to go ahead with a positive vote on Decision Point 2 and proceed to fund and elect the Developmental Board. Among the comments in support of moving forward with Grid West, Marshall Emphy stressed the need for a flow-based commercial model of transmission usage.

Don Brookhyser said an independent entity was essential. Natalie McIntyre expressed serious concerns with the process at this point because the RRG is being asked to make more “compromises.” She said the Grid West proposal was sound and held the greatest potential for solving the region’s transmission problems.

Others who favored Grid West also said the proposal was superior and urged no delay. They pointed out Grid West was modified to address concerns; the NAPA review and FERC’s response to the petition seeking guidance on Grid West were positive. Bob Kahn read a statement, which included praise for the collaborative and responsive RRG process. Bob suggested the next step is to seat the Developmental Board and then seek integration of the limited ideas development by the TIG.

On the other hand, a number of those who have worked on convergence, along with a few others, supported delaying a decision to allow more time for the region to come together on integrating TIG and Grid West proposals as presented earlier in the meeting. Some RRG participants supported the TIG approach. A couple of representatives reported their member organizations were split on which way to go; two state commissions have not taken a position on Grid West at this time. At least one representative said neither the TIG nor Grid West proposals offered enough information for the region to decide. Opinions differed on whether analysis of benefits and costs has sufficiently demonstrated a positive benefit to moving ahead with Grid West.

One unofficial account of the feedback heard from the RRG tallied 14-15 telling the Interim Board to proceed with a positive Decision Point 2 vote and go ahead with Grid West; 10-11 in favor of the region working towards convergence and waiting on Decision Point 2; several in support of TIG and a “no” vote on Grid West; and several others either abstaining from giving input one way or the other or stating they could go along with whatever decision is made.

Bud Krogh thanked RRG participants for their feedback. He announced the Interim Board would meet the next day, September 30, 2005. Bud said he appreciated the amount of work put into the Grid development process, including the extensive comments submitted to BPA. Many professionals in the industry have worked to try to find the right answer for the region. He extended a special thank you to the states and state regulatory staff for beginning in May of 2003 the renewed process to address the region’s transmission problems.

### **Potential Process**

Allen Burns put forth a draft process on how to develop a quick convergence proposal. He talked of a “surgical” approach and a minimum set, perhaps a dozen, narrow changes to the Grid West bylaws. BPA hopes to expand the base working on integration using the TIG and RRG forums. Allen suggested two-to-three public meetings with a target of October 31 to determine whether to go ahead with TIG, Grid West, or convergence.

Steve Larson, BPA attorney, explained some of the changes contemplated in the draft convergence process proposal, including modifying the Grid West Developmental Bylaws to form “Corporation X.” BPA will send notice to the RRG and the TIG of a public meeting on integration of TIG and Grid West concepts to be held on October 5, 2005.

**Outcome of September 30 Board Meeting**

After hearing the input on Decision Point 2 during the September 29 RRG meeting, the Interim Board met on September 30. During that meeting, the Interim Board announced to the RRG that it had unanimously decided to postpone its funding decision on future development of Grid West (Decision Point 2) until November 1, 2005.