



**Portland General Electric Company**  
121 SW Salmon Street • Portland, Oregon 97204

September 9, 2005

Bonneville Power Administration  
Attn: Communications – DM-7  
P.O. Box 14428  
Portland, Oregon 97293-4428

**RE: Open Comment Period – Grid West Decision Point 2.**

Thank you for providing Portland General Electric Company (“PGE”) with an opportunity to comment on the Grid West and Transmission Improvement Group (“TIG”) proposals. BPA’s position as the primary transmission owner in the region means BPA will have substantial influence on PGE’s decision process.

PGE approaches Northwest Transmission issues as two different challenges. The first challenge is to get sufficient transmission built in the region to achieve reliable service for the next five to ten years. The second challenge is to restructure the planning and operating processes to ensure economic and timely management and upgrades to the system in the future. PGE believes these challenges can best be met through immediate build out of the transmission system concurrent with phased implementation of either Grid West or TIG. Immediate build out contemplates reconvening the Infrastructure Review Committee to update the original G20 list and then taking action.

PGE will not be commenting on the specific items requested by BPA. PGE is still evaluating the similarities and differences between TIG and Grid West. The approach to Northwest issues is clear to us: first, improve the transmission network; and second, concurrently continue to work on the long-term institutions that will provide economic and reliability stability for the region.

The region is deficient in transmission. We cannot continue to extract more from an already constrained system and continue to postpone investing in needed infrastructure without serious consequences for reliability. The status quo cannot continue indefinitely to meet the growing needs of the region. The creation of Grid West or TIG will not be designed and implemented in a timeframe that will implement solutions that produce benefits, promote sufficient timely investment in the transmission system for current needs, or provide substantial backstop authority to meet our immediate concerns.

Continuing work on Grid West or TIG is not a substitute for today’s needs. Both Grid West and TIG will require substantial design work followed by implementation and most likely revision. The goals of Grid West are to establish processes and institutions to better manage the transmission system for the region in the future. TIG’s vision is to



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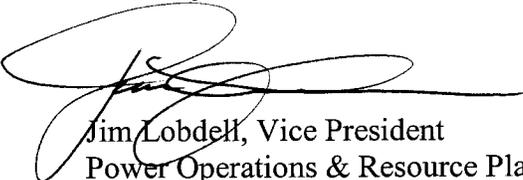
utilize existing groups and entities to manage and optimize the transmission system. Infrastructure upgrades should not be delayed while these proposals are being developed.

Further, successful implementation of either Grid West or TIG requires adequate reserve margins to absorb unanticipated shocks and dislocations. Immediate build out provides these reserves. The contrasting implementation experiences of PJM and CAISO should not be lost. One of those efforts had sufficient reserves and made the transition without serious dislocations. The other did not. This is a valuable lesson and one that utility managers must always keep in mind.

Regardless of the path chosen by the region, BPA's immediate commitment to completion of the transmission build out is required to provide the robust system that can facilitate and reliably implement any new version of how planning and operations are managed in the region. With sufficient transmission capacity there is the ability to implement new market designs and inter-utility redispatch protocols that can further leverage the network without endangering service. Without a sufficient reserve margin it will be imprudent to make such changes if it means that service may be disrupted.

Grid West and TIG both hold the promise of a more efficient and better integrated network. It is that promise that has caused so many utilities to work so hard to get to this point. It is for that promise that BPA itself has dedicated so much effort. This promise must not be compromised by an implementation plan that hopes for great results while not taking the necessary steps that provide for flexibility and adjustment needed to reach the goal.

Sincerely,



Jim Lobdell, Vice President  
Power Operations & Resource Planning