



July 7, 2005

Vol. 5

Just a few weeks to go to public review of proposals

We have less than four weeks to go until the public comment period in which BPA will ask regional stakeholders for comment regarding whether BPA should move forward with further development of the TIG proposal or the GW proposal. (For details, see <http://www.bpa.gov/corporate/business/restructuring/Docs/2004/ByLaws/Closeout2final.pdf>)

In these few weeks, the TIG and Grid West – and utility staffs – will be busy finishing their proposals, cost estimates and risk-reward studies. We hope you're keeping up as these proposals evolve, and we look forward to your comments on the results in the not too distant future.

FERC says “yes” to Northwest requests

The Federal Energy Regulatory Commission generally supports the concept of Grid West as an open-access transmission provider under its 1996 Order 888, not as an RTO. It agrees that BPA could withdraw from Grid West without getting FERC permission first, and that FERC has no authority to require changes to BPA's transmission agreements.

Those are among the basic findings FERC rendered July 1 in its response to a BPA, PacifiCorp and Idaho Power Company request for a declaratory order on aspects of Grid West. The order is posted on BPA's Industry Restructuring web site at <http://www.bpa.gov/corporate/business/restructuring/>

While the commissioners carefully pointed out that they cannot bind the hands of their successors, they set precedents that would be difficult for future commissions to overturn. This information will be helpful as the region assesses whether to further pursue Grid West or the Transmission Improvements Group alternative.

TIG shares proposal progress with RRG

At an RRG meeting June 24, the reliability, common OASIS and common flow based ATC workgroups presented their current draft work products. The reliability presentation covered, among other things, a proposal for consolidating control areas without creating a new FERC jurisdictional entity. The RABA proposal (RABA stands for Reliability Authority and Balancing Authority) and other work group draft materials can be found on the TIG website at <http://www.tig-nw.kristiwallis.com/>

The TIG common Oasis proposal could make use of OATI and WestTrans as a common OASIS. OATI is Open Access Transmission International, Inc., a company that provides

software used by many utilities' OASIS. WestTrans is a regional Web-based transmission market used by many Western utilities. See <http://www.westtrans.net/>.

Grid West will offer long-term transmission product

An important product that Grid West will offer is the sale of long-term Available Transfer Capability – when it is available. Limited availability is a major concern about long-term ATC. Under most assumptions, long-term ATC would only be available through expansion of the transmission system. The Transmission Services Liaison Group has been addressing the issue of planning and expansion and is now completing a white paper on the subject to present to the RRG. This white paper will be available before the public comment period that precedes Decision Point 2.

Meanwhile, the Pricing Work Group has been working on the pricing questions associated with long-term services provided by Grid West, including sales from existing ATC. The Pricing Work Group is addressing how revenues from long-term services would be allocated to the transmission owners and to cost recovery for system expansion. Four alternatives for selling existing ATC were brought forward by the Pricing Work Group at its Pricing Seminar on June 23, 2005. These alternatives may be viewed at http://www.rtowest.com/Doc/PricingSeminarSlides_June232005.pdf (*Joe Rogers and Eric King*)

Calendar tracks grid-issue meetings

The Grid West Coordinating Team is now maintaining a calendar of Northwest events related to grid issues, including those sponsored by Grid West, TIG, BPA, Northwest Power Pool and other organizations. Track it at:

<http://www.gridwest.org/WesternCalendar.htm>

BPA adds ATC

After two months of public process, BPA's Transmission Business Line has implemented changes to its Available Transfer Capability methodology. The result will be release of additional ATC across certain flowgates (constrained portions of the transmission network) TBL can use in offers of firm transmission service to customers in its long-term firm transmission queue. The ATC methodology was developed on principles that allow optimal use of BPA's existing transmission assets while ensuring consistency with open access requirements and minimizing the potential for impacts to existing obligations. See http://www.transmission.bpa.gov/Business/Customer_Forum_and_Feedback/ATC_Methodology/ (*Sean Egusa*)

BPA puts line on hold

BPA has put on hold proposed construction of a new 500-kilovolt transmission line from McNary Dam to John Day Dam along the Columbia River. With declining interest in participation and recent modifications to the Available Transfer Capability methodology, TBL has put the proposed project on indefinite hold pending the appropriate market-based signals and/or future interest in building the line. The 79-mile long project was projected to cost \$167 million and would have added approximately 1,000 megawatts of capacity to the federal transmission system. The line is not needed for system reliability, but would make it possible to integrate new power plants onto the grid. (*Jamae Hillard-Creecy*)

BPA seeks still more efficient grid use

In its continuing search to use its transmission grid more efficiently, BPA's Transmission Business Line met with customers June 21 to discuss constraint schedule management. "TBL needs additional detail regarding our network reservations and schedules to be able to manage the transmission system more reliably and in a manner that more closely approximates how the system actually operates," Abbey Nulph explained. TBL's constraint schedule management effort has been under study for over a year and the June 21 workshop continued customer discussions on the proposal. Another workshop has been scheduled for July 14. *(Kammy Rogers-Holliday)*

Western govts back transmission funding

The Western Governors' Association is backing a measure calling for tax-exempt status for revenue bonds issued by transmission authorities to attract new investment in electricity infrastructure. The decision came at the Association's conference in Breckenridge, Colo. While several states have combined efforts to address transmission problems, getting power from where energy is generated to where it is needed the most is still a major issue, the governors said.

Northwest One-Utility Grid News Purpose Statement

The Northwest transmission system is becoming increasingly constrained; there is broad regional agreement that the status quo needs to be improved. BPA believes it is important for the region to pick a path - soon - and move from discussion toward action. Two competing approaches are being developed: the Transmission Improvements Group would work within existing institutions, while Grid West would create a new transmission services provider under FERC jurisdiction. BPA is actively participating in both efforts through this summer. This September, BPA will decide to move forward with one of these approaches. Our decision will be driven by what we believe is in the collective best interest of the region and will follow a formal BPA request for public comments. These e-mails, issued biweekly now through September, are intended to keep any and all interested parties apprised of involvement opportunities and BPA's perspective. To receive subsequent editions, go to <<http://www.bpa.gov/corporate/business/restructuring/>> and sign up for "Allen's bi-weekly e-mail."

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