

factsheet

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BPA seeks common ground for a unified grid proposal to benefit the Northwest

For the last decade, Northwest utilities have been considering ways to improve operation and management of the region's transmission system. In August, the region began review of two alternative strategies. One option, the Transmission Improvements Group (TIG) approach, proposed to work primarily through multilateral contracts and existing organizations. The other, the Grid West approach, would work through a new transmission entity.

Over the month of October, BPA tried to bring representatives from around the region to develop an integrated proposal that combined aspects of Grid West and the Transmission Improvements Group. The Integration Proposal called for early provision of near-term services through Grid West, with changes to the Grid West bylaws to assure regional accountability and control. The primary aim was to create a single proposal that more regional stakeholders, particularly members of public power, can support.

On Oct. 28, the Regional Representatives Group reviewed an Integrated Proposal brought forward by BPA. More publicly owned utilities expressed support than had supported previous Grid West approaches.

On Nov. 1, the Grid West board declined the Integration Proposal and BPA's proposal for funding further development of Grid West under terms outlined in the Integration Proposal. The Grid West board decided to change the corporation to a non-member, non-profit organization. A number of filing utilities said they

would pursue Grid West as outlined in July 2005 under this reformed approach. BPA said it will not participate in this effort, and is now evaluating its next steps.

Pausing to assess viable options

The Grid West board on Nov. 1 rejected the compromise proposal, which within a year would have put into place several of the functions proposed by the TIG. The vote was six to three: PacifiCorp, B.C. Transmission Co., Idaho Power, NorthWestern Energy, Sierra Pacific and Portland General Electric in opposition; BPA, Puget Sound Energy and Avista in favor.

BPA regrets that utilities have rejected its proposal to take the next steps towards restructuring the Northwest transmission grid under a single operating entity. BPA believes that a plan that combines features of two competing proposals is both sound and responsible.

BPA will take some time to consider how best to consider pursuing options for a unified approach to grid operations and expansion. BPA continues to support bringing the two proposals together in a way that could, over time, bring about the most effective management structure for the region.

BPA firmly believes that continuing separate operations or fragmented regional approaches are not the best alternative. The regional players identified



problems that need to be solved that would result in a more coordinated, reliable and efficient transmission system. The transmission grid is becoming increasingly congested and new transmission capacity is not keeping pace with the demand for electricity.

Integration Proposal Highlights

The convergence proposal would have gotten key functions, such as transmission planning and expansion, up and running in 2006 while work continued on forming additional features of Grid West, which was scheduled for operation in 2008.

Key recommendations of the Integration proposal:

- Implement near term services under the direction of the Independent Board:
 - transmission planning and expansion;
 - independent market monitoring;
 - a common OASIS;
 - coordinated reliability and security initiatives; and
 - further development of flow-based available transmission capacity methodology.

- Amend the Grid West Bylaws to:
 - seat qualified board members who have substantial experience with the power system in the Grid West footprint;
 - allow the Member Representative Committee (MRC) the ability to veto particular board proposals related to eight special issue areas including development of additional energy or capacity markets (beyond those contemplated in the current Grid West technical papers) and annual budget increases that exceed a particular percentage.
- Continue development of Grid West Basic Features developed by the Transmission Services Liaison Group (TSLG).
 - Grid West Basic Features are defined in the TSLG White Papers (www.rtowest.com)
- Continue to move to Decision Point 4.

For More Information

For more information on BPA's TIG/Grid West Integration Proposal and other information on BPA's Industry Restructuring activities, visit BPA's Web site at <http://www.bpa.gov/corporate/business/restructuring/>.