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March 7, 2006

MEMORANDUM

TO: Power Committee

FROM: Wally Gibson

SUBJECT: Update on Grid West and ColumbiaGrid Development

The Grid West funding utilities (currently PacifiCorp, Idaho, Northwestern, Avista, and PGE) were presented with a business plan for funding the next stage of development on March 7th. Their decision is not expected to be known until about the end of March. The proposal focused on two elements: 1) implementation of planning and tariff administration and 2) further development of ancillary service markets. If the funding decision is positive, it will also include funding for the seating of the independent board. Grid West is generally on a slower development path than had been contemplated earlier.

ColumbiaGrid has begun its development work. It is focusing both on establishing its governance documents, so that the organization can be incorporated, and on development of substantive activities, both near term and longer term. The funding control area operators (Bonneville, Grant, Chelan, Seattle and Puget Sound Energy) are proposing an independent board for the organization. The members would be the funders (rather than the more open membership model of Grid West) and the scope of the organization would be limited by delegation agreements between itself and the member control areas.

ColumbiaGrid also expects planning to be one of its near-term activities and both organizations recognize the need to work with each other, both here and in other arenas. Other areas are being fleshed out by work groups.

There is likely to be significant convergence in the other short term activities as well as the long term activities, since both groups are responding to the same set of regional concerns and problems. The primary difference, in addition to the governance model, is likely to be the emphasis of Grid West on developing markets for services, which ColumbiaGrid may participate in but is unlikely to develop.

Northwest Transmission Update: ColumbiaGrid and Grid West



Northwest Power and Conservation Council
Power Committee
March 14, 2006

ColumbiaGrid



- Most work on governance so far
 - Independent board, elected by members (funding control area operators [CAOs])
 - Stakeholder process to be formalized
 - Scope constrained by delegation agreements with CAOs
- Work groups beginning to flesh out details, starting from TIG and some Grid West approaches
 - Near term: planning, common OASIS, reliability
 - Longer term: Flow-based approaches to system

Grid West



- Developed business plan to present to funders March 7th
 - Expect decision toward end of March
 - Elect and seat Board after that
- Dual focus for this funding decision
 - Implement planning and tariff administration in near term
 - Develop ancillary service (reserves, imbalance energy) markets for next stage implementation
- Continue work on long-term development
 - Flow-based approaches to rights and scheduling
 - Combined control area operations

Opportunities for Joint or Coordinated Efforts



- Near term
 - Planning – both entities contemplate dedicated staff, ultimately taking over NTAC work
 - Common OASIS – most NW control areas belong to WestTrans already (not BPA or Pacific)
 - Potentially some reliability functions – some proposals are common
- Longer term
 - Flow-base approaches to system rights and scheduling
 - The bigger the footprint, the more relevant the approach