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October 2, 2007

## MEMORANDUM

**TO:** Power Committee

**FROM:** Terry Morlan

**SUBJECT:** Update on Regional Dialogue

Having completed their Regional Dialogue Policy, Bonneville is now holding an intense series of workshops to define the details of how the policy will be implemented. These workshops are being held two to three days a week through December. Bill Hannaford, Leann Bleakney, and Howard Schwartz have been attending these workshops and providing excellent summaries for the Council and other staff by email. They will also be available to answer questions at the Power Committee meeting.

The Power Committee will hear a report from participants in the workshops at each of its meetings through December. At the September meeting in Portland, the committee visited with Terry Mundorf about the residential exchange program. In Missoula, we will have Larry La Bolle from Avista and John Hines and Mark Stauffer from Northwestern visit with the Power Committee. In addition, Bill Drummond will talk with the full Council and is likely to share his perspective on how the Regional Dialogue implementation process is going.

Some of the early workshops focused on the residential exchange program and how it might be implemented in accordance with the court decision. Other topics in the workshops have included:

- the types of tier 1 products Bonneville would offer (load-following, slice, block, etc.),
- resource shaping products;
- the tiered rates methodology;
- types of tier 2 products to be offered, including whether renewables will be sold in tier 2 to meet customers' RPS requirements;
- treatment of renewable energy credits (RECs) associated with new renewable generation,
- treatment of utilities' own resources;
- requests for pooling some utilities' tier 1 loads; and
- the possibility of delaying the full implementation of the Regional Dialogue policy by having a two year transition period.

Most of these topics are a level of detail that the Council need not be concerned about. However, the Council has expressed concern that policy choices made in the Regional Dialogue record of decision, not be changed in the rate case or contract negotiations, so the staff is monitoring the implementation process with that concern in mind.