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Washington

July 2, 2013

## MEMORANDUM

**TO:** Power Committee

**FROM:** Charlie Black

**SUBJECT:** WECC Reorganization

The Western Electricity Coordinating Council (WECC) is one of nine regional electric reliability councils. The WECC region encompasses the entire Western Interconnection, including all or parts of 13 States, two Canadian Provinces, and Baja California in Mexico.

In the wake of the September 8, 2011, Arizona-Southern California system disturbance that left 2.7 million customers without power, the North American Reliability Corporation (NERC) and the Federal Energy Regulatory Commission (FERC) issued a joint report identifying deficiencies in WECC's management of its reliability responsibilities and concluding that these contributed to the September 2011 Southwest power blackout.

Further, concerns had grown that as it took on new responsibilities over time, WECC had become subject to internally conflicting objectives. Two changes made in recent years to WECC's role contributed to the conflicts. First, following the Energy Policy Act of 2005, WECC expanded its responsibilities to include serving as the Regional Entity for the Western Interconnection. Regional Entity functions include development, monitoring and enforcement of reliability standards for the bulk electric system in the Western Interconnection. Second, in 2007 WECC took action to become the single, centralized Reliability Coordinator for the Western Interconnection. Reliability Coordinator functions include assessing transmission reliability and coordinating system operations via authority to act and to direct actions to preserve integrity and reliability of the Bulk Electric System.

It became evident that housing both the Regional Entity and Reliability Coordinator roles within WECC was affecting its ability to fulfill both sets of responsibilities. This included the realization that WECC's enforcement role as the Regional Entity was stifling efforts under its Reliability Coordinator Role.

As a result, WECC undertook an effort to divide itself into two distinct entities. After bifurcation, the Reliability Coordinator function will be split off into a new Reliability Coordinator Company or “RCCo”. WECC itself will continue to perform its Regional Entity functions.

On June 27, 2013, the WECC Board of Directors approved a resolution to bifurcate WECC. The attached WECC Bulletin provides further details on bifurcation activities and results of elections for WECC and the new RCCo.

Attachment: WECC Bulletin



**June 27, 2013**

## [INTRODUCTION](#)

In this bulletin, we provide an update about decisions made during the ongoing WECC Annual Members and Board of Directors (Board) Meetings in San Diego, California.

## [WECC BIFURCATION](#)

### [Board Approves the Bifurcation of WECC](#)

The Board unanimously approved a resolution to bifurcate WECC. Under this new structure the Reliability Coordinator and Interchange Authority functions in the Western Interconnection will become a separate company from WECC. When established, the Reliability Coordination Company (provisionally known as “RCCo” until the new Board names the new company) will provide core and other associated reliability coordination services within the Western Interconnection. WECC, as the Regional Entity, will continue to perform duties as delegated through the North American Electric Reliability Corporation (NERC)/WECC Delegation Agreement.

### [Outcome of WECC Member Vote – WECC Bylaws Amendments](#)

At their Annual Meeting today, WECC Members voted to approve a specific set of amendments to the existing WECC Bylaws.

### [Outcome of other WECC Board Votes associated with bifurcation](#)

The Board approved the package of amendments to the WECC Bylaws, and the newly created RCCo Bylaws.

As a consequence of today’s votes, each organization will be governed by an independent Board. WECC will have a nine-member Board and the RCCo will have a seven-member Board. Each organization will have a strong Member Advisory Committee comprised of representatives from the Member Classes.

## FORMATION OF WECC AND RCCo MEMBER ADVISORY COMMITTEES

WECC members elected three representatives for each of the five Member Classes:

- Class 1 – Maude Grantham-Richards, Tristate
- Class 1 – Rob Kondziolka, Salt River Project
- Class 1 – Scott Waples, Avista Corp.
- Class 2 – Richard Ferreira, TANC
- Class 2 – Russell Noble, Cowlitz County PUD
- Class 2 – James Shetler, Sacramento Municipal Utility District
- Class 3 – Duncan Brown, NAES Corporation
- Class 3 – Gary Tarplee, USE Consulting
- Class 3 – Brian Theaker, NRG Energy
- Class 4 – Michelle Beck, Utah Office of Consumers
- Class 4 – Fred Heutte, Northwestern Energy Coalition
- Class 4 – Robert Nelson, Montana Consumer Counsel
- Class 5 – Grace Anderson, Western Renewables and Transmission Planning
- Class 5 – Travis Kavulla, Montana Public Service Commission
- Class 5 – Rebecca Wagner, Public Utilities Commission of Nevada

RCCo members elected three representatives for each of the five Classes:

- Class 1 – Larry Bekkedahl, Bonneville Power Administration
- Class 1 – Ray Brush, Northwestern Energy
- Class 1 – Tess Park, Idaho Power
- Class 2 – James Baggs, Seattle City Light
- Class 2 – Terry Baker, Platte River Authority
- Class 2 – Paul Lau, Sacramento Municipal Utility District
- Class 3 – Raj Hundal, Powerex
- Class 3 – Stewart Ramsay, Smart Wire Grid, Inc.
- Class 3 – James “J.T.” Thompson, Constellation Energy Control and Dispatch
- Class 4 – Tim Haines, State Water Contractors
- Class 4 – Caitlin Liotiris, Energy Strategies
- Class 4 – Julia Prochnik, JAS Energies
- Class 5 – Johanna Bell, Idaho Public Utilities Commission
- Class 5 – John Savage, Oregon Public Utility Commission
- Class 5 – Rebecca Wagner, Public Utilities Commission of Nevada

## RCCO INTERIM BOARD COMMITTEE

In February 2013, the WECC Board created a three-member Interim Board Committee (IBC) for the RCCo. The IBC is comprised of former Class 1 WECC Board member, Brian Silverstein (Chair), Graham Edwards, and John Meyer; both of whom are current WECC Non-affiliated Directors. The IBC is the oversight and development body for those functions within WECC that will become part of the RCCo following bifurcation. Upon bifurcation, the three current IBC members will form the basis of the seven-member RCCo Independent Board.

## FUNDING

On June 20, the Federal Regulatory Energy Commission (FERC) issued an Order conditionally approving WECC's Petition for a Declaratory Order regarding Section 215 funding for the RCCo. WECC will continue to be funded through Section 215 funding.

## NEXT STEPS JULY 2013 – January 1, 2014

- July 2013 – WECC files proposed 2014 Business Plans and Budgets (BP&B) for WECC and the RCCo with NERC
- Summer 2013 – Identification of final slate of candidates for four RCCo Directors
- Summer 2013 – Nominating process for remaining WECC Directors
- August 15, 2013 – NERC Board of Trustees decision on revised Delegation Agreement, WECC 2014 BP&B, RCCo 2014 BP&B, and associated documents
- August 23, 2013 – NERC files revised Delegation Agreement, 2014 BP&Bs, and associated documents with FERC
- Fall 2013 – Membership vote on WECC Directors
- Fall 2013 – Membership vote on RCCo Directors
- Oct 2013 – WECC COO selected
- Oct 2013 – FERC Order – 2014 BP&Bs for WECC and RCCo
- Oct/Nov 2013 – FERC Order – Delegation Agreement/amendment WECC Bylaws
- January 1, 2014 – Bifurcation complete, RCCo operational
- January 1, 2014 – WECC RC CEO Designate transitions into RCCo President and CEO role
- January 1, 2014 – WECC COO transitions into WECC CEO role

It is anticipated that all necessary Board and regulatory approvals will be obtained so that the RCCo will be operating as a stand-alone organization, no longer affiliated with WECC, on January 1, 2014.

## OTHER WECC BOARD AND MEMBER DECISIONS

In addition to their decisions related to bifurcation, the WECC Board and WECC Members conducted elections to appoint two Non-affiliated Directors and five Member Class Directors each of whom will serve on the WECC Board until WECC formally bifurcates.

## WECC BOARD OF DIRECTORS MEETING – NEW WECC BOARD AND VICE CHAIRS ELECTED

During the afternoon portion of its June 27 meeting the WECC Board elected John Stout as WECC Board Chair and Keith Casey as Vice Chair.

## WECC ANNUAL MEETING – NON-AFFILIATED DIRECTORS AND WECC MEMBER CLASS DIRECTOR ELECTIONS

At the WECC Annual Meeting, the Members elected Joe A. McArthur and Armando J. Perez as Non-affiliated Directors.

In addition, the Members elected the following Member Class Directors:

Class 1 – Thomas Imbler, Xcel Energy and Mario Villar, NV Energy

Class 2 – James Shetler, Sacramento Municipal Utility District

Class 3 – James “J.T”. Thompson, Constellation Energy Control and Dispatch

Class 4 – Tim Haines, State Water Contractors, Julia Prochnik, JAS Energies

Class 5 – Travis Kavulla, Montana Public Utilities Commission, Marsha Smith, Idaho Public Utilities Commission, Rebecca Wagner, Public Service Commission of Nevada.

Class 6 – Ken Kunz, TransCanada Energy Ltd

For more information on WECC’s Strategic Planning Initiative and on its progress toward bifurcation please visit the **WECC Strategic Planning Initiative** page on the WECC website.

