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June 29, 2006

MEMORANDUM

TO: Power Committee

FROM: Wally Gibson

SUBJECT: Update on Columbia Grid

ColumbiaGrid membership has expanded to seven members with the addition of Tacoma¹ and the members have (or soon will) signed a two-year funding agreement. The members have postponed board selection to about August 1 to allow time for an additional outreach effort to other regional control area operators.

The members are aiming to have a signed planning and expansion Functional Agreement in place by October 15, 2006. Functional Agreements are the documents, signed by all qualifying entities (who need not be ColumbiaGrid members) describing rights, responsibilities, funding and specific tasks to be performed in any given area. Functional Agreements will be the primary instruments for activity under ColumbiaGrid.

A second target is one or several signed Functional Agreements covering reliability issues in winter of 2006-07. These are not far enough along at this point, but will be described in later Power Committee updates.

The planning and expansion proposal provides for a staff to work with utility staff in developing a biennial plan. The plan would encompass several kinds of projects, ranging from reliability and load service oriented to commercial congestion relief and resource access projects. ColumbiaGrid would have different roles with respect to the various kinds of projects. The forcing mechanism for project implementation would rely heavily on existing authorities, like FERC, but might involve voluntary commitments to implement plan projects as part of the Functional Agreement (that part is not clear yet). More details are provided on the attached slides.

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¹ Member utilities are Bonneville, Avista, Puget, Seattle, Tacoma, Grant and Chelan.

ColumbiaGrid Transmission Planning Proposal Highlights



NWPCC Power Committee

Missoula, Montana

July 11, 2006



Summary



- Aiming for Functional Agreement by October 15, 2006
- Planning role
 - Facilitate studies
 - Develop biennial regional plan
- Expansion role
 - If necessary, take some service requests to FERC
- Relationship to NTAC not clear
 - May depend on extent of participation in Functional Agreement by non-member utilities

Planning

- Staff to do system assessment, facilitate studies and develop biennial regional plan
- Four types of projects
 - Joint load service/firm service (several utilities)
 - Single utility load service/firm service
 - New service requests under individual tariffs (eventually using single ColumbiaGrid service request queue)
 - Commercial expansion projects, not required to meet load
- Level of involvement high in first type to low in fourth type
- Board approves biennial plan

Expansion

- Forcing mechanism still being developed, focuses on joint load service/firm service projects
- Plan includes plan of service details (varies by project type)
 - What to build, who builds, who pays, what rights are and how rights allocated
 - ColumbiaGrid develops *pro forma* facilities agreement
- If not accepted by all parties, ColumbiaGrid takes agreement to FERC and requests order to implement it
 - Up to affected utilities to pursue at FERC
- Limited or no ColumbiaGrid implementation role for other types of projects