



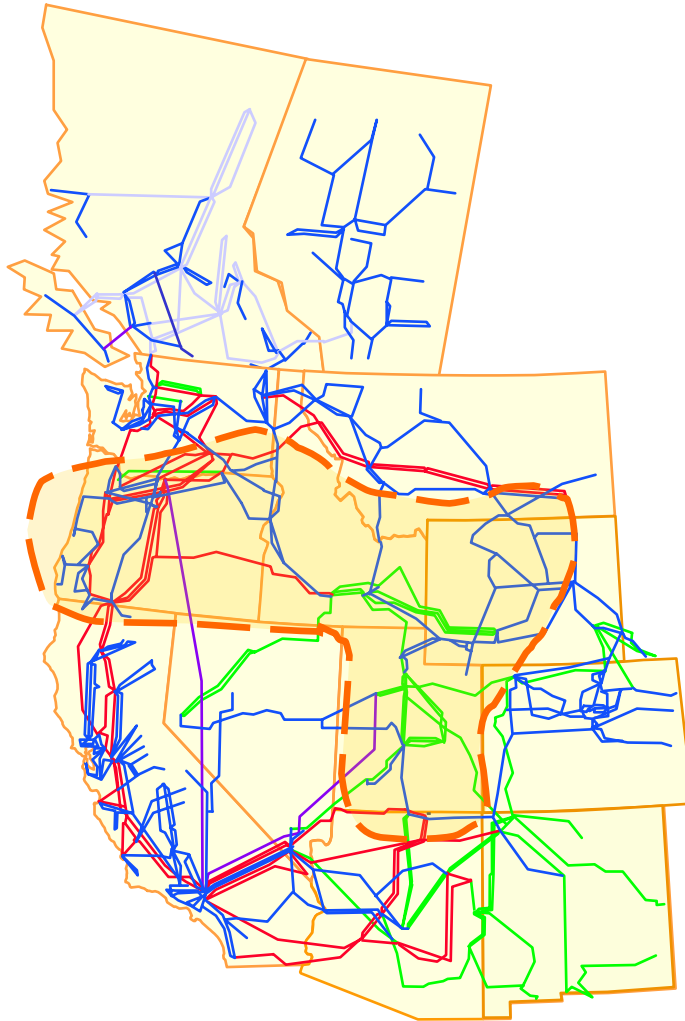
NARUC Summer Meeting

**Transmission Development in the West
- A Major Transmission Owner Perspective -**

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PacifiCorp Geographic Area



PacifiCorp Interconnections

- BPA
- Arizona Public Service
- California ISO
- Grant County PUD
- PGE
- Black Hills
- Idaho Power
- NorthWestern
- LADWP
- WAPA
- Nevada Power
- Deseret
- UAMPS
- Sierra Pacific
- Avista

Transmission-related Problems

- In 2003, regional problems were identified by regional stakeholders; a process initiated primarily by state commissions
 - Underutilized transmission capacity
 - Rate pancaking across systems
 - Lack of new transmission infrastructure investment
- Regional stakeholder group determined the problems were sufficiently important to resolve
- Doing nothing was not an option

Multiple Choice Question

- Q: Anything worth doing is?
 - a. Worth doing well
 - b. Subject to being executed poorly and therefore should not be attempted

Solution

- Grid West is a regionally-developed solution to meet regionally-identified problems
- Meets bedrock requirement for any potential solution
 - Independent Board, with strong regional accountability
- Grid West features
 - Preserves existing rights
 - Provides for real-time balancing services for participants consolidating control areas
 - Does not force participation
 - Evolves with the needs of the region
 - Organized by charter to manage costs and operate efficiently

Transmission Development

- Grid West is an evolutionary approach
 - A single, independent planning entity with new resources (personnel and analytical tools); one-stop shopping
 - Transmission expansion backstop authority, beginning with reliability and potentially moving to chronic commercial congestion
 - Independent and therefore can make a strong case for action; identifying projects, beneficiaries and who should pay
 - Standing committee of state commissioners working closely with the Grid West Board; building broad support for multi-state Projects

Success/Next Steps

- December 2004 success
 - Grid West bylaws (governance) approved
 - Grid West Interim Board seated
 - Next layer of market design and net benefits estimation work begun

- Five member independent Grid West Developmental Board expected to be seated in late 2005
 - To develop and offer transmission agreements and tariffs
 - To begin offering near-term activities in 2006 (e.g., planning)

- Nine member Operational Board expected to be seated in 2007
 - Contingent upon transmission agreements being successfully negotiated and signed by critical mass of transmission owners