

TIG: The Incremental Alternative for Northwest Transmission

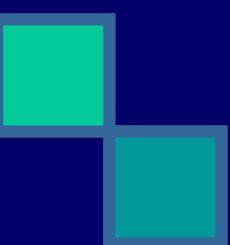



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July 25, 2005

These comments are mine alone.




Who/What is TIG?

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- TIG = “Transmission Improvements Group”
 - Public power, IOUs, BPA - workgroup
 - Proposal due August 1
 - Next 60 days will reveal degree of support
 - BPA to choose TIG or Grid West by 9/30
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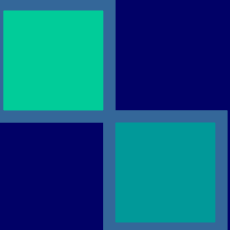

TIG goal

Coordinated, incremental, low-cost improvements to NW transmission system, *without* creating new institutions *or altering* relationships between

- utilities and regulators
 - utilities and Wall Street
 - utilities and end-use customers
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Motivation

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- Skepticism of institutional disruption
 - Pride in existing institutions
 - Build on what has worked
 - Maintain decisional control
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“Do it ourselves.”

Reasons for Skepticism

Charging Up

Operating budgets for grid-running corporations,
in millions

California Independent System Operator



Midwest Independent System Operator



PJM Interconnection



Electric Reliability Council of Texas



Independent System Operator New England




New York Independent System Operator



Source: Cambridge Energy Research Associates



Reasons for Pride

- NW a leader in transmission completion
 - BPA: \$1 Billion in four years
 - FERC 2004 "State of Market" Report:
 - NW completed twice any other region
 - 309 out of 931 circuit miles nationally
 - NY ISO, ISO-NE, MISO: *zero* miles completed
 - All studies show relative efficiency of NW
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TIG Proposal: Multilateral contracts for

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- Common Oasis
 - Reliability & Security
 - Market Monitoring
 - Transmission Planning & Expansion
 - Flow-based Analysis of ATC
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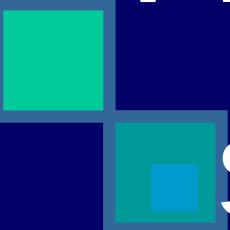


TIG: Salient Features

- Creates no new complex institution
 - Creates no FERC-jurisdictional institution
 - Keeps responsibility with utilities
 - Keeps responsibility and authority aligned
 - Maintains local/state oversight
 - Works via contractual obligations
 - Allows incremental steps and pacing
 - Fits with rest of West (minus CAISO)
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TIG v Grid West

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- Structure
 - Governance
 - Jurisdiction
 - Cost/Benefit
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