



ColumbiaGrid Board of Directors

April 18, 2012

Minutes

A meeting of the Board of Directors of ColumbiaGrid, a Washington nonprofit corporation, was held at the ColumbiaGrid offices, 8338 NE Alderwood Road, Portland, Oregon 97220 on April 18, 2012.

Attendance and Quorum

Board of Directors: Jim Miller, Shelly Richardson and Ed Sienkiewicz.

Officers: Allen Burns and Patrick Damiano

Members; Participants; ColumbiaGrid Staff and Consultants; Interested Persons:

Tammy Beckwith (ColumbiaGrid); Molly Brown (HDR); Dan Dettmer (ColumbiaGrid); Kenny Dillon (Avista Corp.); Edison Elizeh (BPA); Shirley Eshbach (Tacoma Power); Eric Espenhorst (Seattle City Light); Linda Finley (Snohomish PUD); Ann Fisher (Legal and Consulting Services); Kirk Hansen (HDR); Laura Hatfield (Puget Sound Energy); Fred Heutte (NW Energy Coalition); Steve Johnson (WUTC); Marv Landauer (ColumbiaGrid); Rod Noteboom (Grant PUD); Hugh Owen (Chelan PUD); Cliff Perigo; Dana Reedy (Northwest Power Pool Corp.); Katy Roberts (ColumbiaGrid); Joe Lowell (Morgan Lewis); Kristi Wallis (ColumbiaGrid Coordinator).

Proceedings

- *Call to Order:* Shelly Richardson, Board Chair, called the meeting to order at 9:30 a.m. A quorum of directors was present, and the meeting, having been duly convened, proceeded with business.
- *Provision of Notice:* No concerns or objections were raised as to sufficiency of notice.
- *Welcome:* All attendees introduced themselves.
- *Agenda Presentation:* Shelly reviewed the agenda, asking for any changes or additions to it. None were made. The meeting materials are posted on the ColumbiaGrid website.
- *Adoption of Minutes:* Minutes from the Board Meeting held February 15, 2012 were approved.

Appointment of Dan Dettmer as Interim Treasurer and Corporate Secretary: The Board moved, it was seconded, and approved that Dan Dettmer be appointed to the offices of ColumbiaGrid Treasurer and Corporate Secretary on an interim basis, for a period lasting until the earlier of December 31, 2012 or the appointment of a permanent ColumbiaGrid Secretary and Treasurer.

Treasurer's Report: Dan Dettmer gave the Treasurer's Report for the period ending March 31, 2012, responding to questions and discussing where each program is in relationship to its budget and its benchmark Maximum Total Payment/Funding Obligation. Dan explained that primarily due to Order 1000 related costs that this year's budget will be tighter than in past years.

FERC / Federal Matters Update:

Joe Lowell reported on several recent developments at the national level:

- FERC's 3/30/12 order responding to the 7th Circuit's remand in the Illinois Commerce Commission v. FERC case re the appropriate cost allocation method for 500 kV facilities in PJM.
 - Although the 7th Circuit found the postage stamp methodology unsupported, FERC's order on remand contains FERC's arguments defending why the methodology is the best approach for 500 kV and above facilities. Among other things, FERC found the postage stamp methodology reflected the region-wide reliability benefits of these higher voltage facilities. The postage stamp methodology allocates costs based on load ratio share.
- FERC's 4/6/12 order on PJM's request for guidance on allocating costs within PJM for certain phase angle regulator facilities located outside PJM, in Michigan. PJM's request was prompted by a FERC order from December 2011, where FERC accepted for filing and set for hearing tariff sheets submitted by MISO that proposed to allocate the costs of the facilities among MISO, PJM, and the New York Independent System Operator based upon a distribution factor (DFAX) analysis. PJM claimed there was no precedent for accepting such costs and allocating them among PJM members. In the 4/16/12 order, FERC denied PJM's request for guidance, but suggested PJM could try to justify treating the costs as an administrative cost or allocate the costs based on a DFAX analysis.
- VER NOPR status: Unchanged, as FERC has not scheduled a ruling for its April meeting.

FERC Order 1000 – Effect on ColumbiaGrid PEFA parties:

Kristi Wallis reported on work underway to comply with FERC Order 1000, explaining that an internal coordination group is reviewing the Planning and Expansion Functional Agreement to ensure that it addresses certain critical requirements of the Order. The group continues to assess whether the Agreement provides a process which complies with that envisioned by FERC in Order No.1000.

Regarding intra-regional efforts, Kristi reported that regular stakeholder meetings have been scheduled in order to provide briefings and to receive input from the public. The next meeting is scheduled to take place on June 12, 2012.

Regarding inter-regional efforts, NTTG, WestConnect, CAISO, and ColumbiaGrid have continued to coordinate through monthly calls, and are laying a foundation for in-person discussions later this summer.

Transmission Planning Update

Marv Landauer gave the progress of the following Study Teams:

- Puget Sound Area Study Team: focusing studies on summer North to South TCRM and implementing new Adjacent Circuit criteria.
- Northern Mid-Columbia Study Team: Discussion is continuing among potential project funders.
- Cross Cascades Study Team: Study plan report was completed in early April and has been posted on the ColumbiaGrid website.
- Wind Integration Study Team: The WIST Study Team met in March to discuss commercial issues. In April and May the Dynamic Transfer Capability Task Force is focusing on actual system problems that have occurred due to wind ramps, as well as potential impacts due to increased wind. The next WIST meeting is planned for May.

- Woodland Study Team: Base cases are completed and outage studies are being started.
- Gas-Electric Interdependencies Study Team: ColumbiaGrid is following the PNUCC Power and Natural Gas Planning task force which recently met, with another meeting scheduled for June 15th.

Northwest Area Coordinator is continuing work on case development. The Data Preparation Manual has been approved. Gordon Comegys has been selected as the new chair of the WECC System Review Work Group.

Marv gave a brief update on progress of the WECC Regional Transmission Expansion Planning Project that has begun the next cycle of studies. ColumbiaGrid has developed a paragraph for utilities to include in future submittals for the WECC Annual Study reports to explain the sub regional planning that member projects have undergone to meet the Comprehensive Project Review Process.

Finally, Marv concluded with the update on progress with the 2012 System Assessment. The System Assessment will include several updates and changes that have all been agreed upon by the participants, including base cases, assumptions for new transmission and resources, path flows and contingencies. Presentation of the study results and joint issues are planned for the June Board Meeting.

OASIS Portal Update:

Patrick Damiano reported that conversations continue with transmission customers to determine how the portal could be enhanced to facilitate greater usage, and how transmission customers might be educated in how to better use the portal. He noted that Dan Dettmer will continue to administer the OASIS portal while he serves as Interim Treasurer and Corporate Secretary, and that Tammy Beckwith will now be providing IT and technical support.

EIM/Incremental Tools/VER Integration Update:

Patrick Damiano gave an overview of several activities germane to enhanced regional coordination, increased efficiency in transmission utilization and congestion management, and integrating variable energy resources, including development of incremental tools and the potential of establishing an Energy Imbalance Market (EIM) in the Northwest. There are three primary buckets of activity regarding EIM:

1. EIM analysis work group (EIM AWG): ColumbiaGrid, via the EIM AWG, had previously followed and performed post-processing analysis on the WECC EIM cost/benefit analysis. The EIM AWG has identified various NW EIM sensitivity cases, coordinated through a direct contractual relationship between BPA and E3, to enhance the generation ownership and dedicated transmission capabilities of the model and to look at various scenarios, such as reduced natural gas prices. Results of the sensitivity cases are expected in the May/June timeframe.
2. The NWPP Market Assessment Coordinating Committee (MC) held a March 19 leadership summit (Allen & Patrick attended). Discussions involved governance, the process, funding for the effort, and selection of a facilitator for the project. Sarah Dennison-Leonard has been selected as the facilitator of the MC. The goal is to have a detailed scope for a work-plan by May 1.
3. PUC EIM (WECC-wide EIM cost/benefit study led by Western Governors / WIEB). There have been ongoing webinars with a plan to hold a June 18/19 in-person meeting. ColumbiaGrid has been following the effort, especially the benefits piece, and providing insight regarding lessons-learned on EIM modeling flowing from the work of the EIM AWG. NREL is performing the sub-hourly EIM benefits analysis using the Plexos software.

ColumbiaGrid continues to analyze VERDI (variable energy resource diversity interchange). This involves the sharing or netting of a net positive / negative VER forecast error. Ongoing analysis is being performed using data provided by BPA, SCL, and PSE. Marv and Amy led a joint meeting on this topic on April 18.

Joint Initiative Update:

Patrick Damiano reported that products created by the Joint Initiative (e.g. DSS and I-TAP/webExchange), are operational and are being refined. A technical steering committee of I-TAP/webExchange users is meeting twice a

month to assess product functionality and performance. ColumbiaGrid is attending the ITAP/webExchange bi-monthly steering committee meetings.

A Strike Team to look at flexible ramping and capacity products has been established. Future direction of this Strike Team is uncertain in light of the emerging MC effort.

Kristi Wallis noted that a Think Tank Meeting would take place on April 23rd, for the purposes of providing the current status of the Joint Initiative and, for those who have not participated to date, to describe the history of the Joint Initiative.

CEO Report:

Allen Burns reported on the annual check-in meetings that have occurred with 7 of the 8 members, with the final meeting to be held on May 4th with Bonneville Power Administration. He noted that the annual retreat has been scheduled for May 17th and 18th, at which discussion of Order 1000 and the 5 year Strategic Plan will continue.

State and Tribal Updates: There were no updates from the States or the Tribes.

Board and other Stakeholder Announcements:

Dana Reedy of the Northwest Power Pool Corporation reported that work at the Pool continues as usual, along with the additional work being undertaken by the Loss of Wind Task Force. He also reported that the NWPP will hold a meeting at BC Hydro on June 14th and 15th.

Shelly Richardson commented on agenda items for the June Board meeting, noting the following items:

- Results and issues for the 2012 system assessment
- Order 1000 update
- EIM/Incremental Tools update
- Joint Initiative update

Upcoming Events: Shelly Richardson provided information on the upcoming Director's Election, noting that her seat is up for replacement or re-election. She noted that ColumbiaGrid will be soliciting interested parties for the seating of a new director in August, and encouraged interested parties to send their inquiries to Dan Dettmer. A notice will be posted on the ColumbiaGrid website and blasted to the Interested Persons list.

Adjournment: The meeting was adjourned at 12:10 p.m.