



ColumbiaGrid Board of Directors

February 20, 2013

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 February 20, 2013.

Attendance and Quorum

Board of Directors: Jim Miller and Ed Sienkiewicz.

Officers: Allen Burns, Patrick Damiano, Dan Dettmer and Jeff Miller

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

Ruth Bennett (Independent Consultant); Kenny Dillon (Avista); Shirley Eshbach (Tacoma Power); Linda Finley (Snohomish PUD); Fred Heutte (NW Energy Coalition); Marv Landauer (ColumbiaGrid); Joe Lowell (Morgan Lewis); Rod Noteboom (Grant PUD); John Phillips (Puget Sound Energy); Dana Reedy (Northwest Power Pool Corp.); Katy Roberts (ColumbiaGrid); Rick Syring (Cowlitz PUD); Kristi Wallis (ColumbiaGrid Coordinator).

Proceedings

- *Call to Order:* Jim Miller, 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.
- *Adoption of Minutes:* Minutes from the Board Meeting held December 12, 2012 were approved.

Auditor's Report Recap: Dan Dettmer provided a brief synopsis of the auditor's report which was presented at the Biannual Member Meeting which preceded the Board Meeting. He indicated that it was a "clean" audit -- the best attainable, and that the report and financial statements were posted on the website as part of the Biannual Member Meeting.

Treasurer's Report: Dan Dettmer gave the Treasurer's Report for the month of January 2013, responding to questions and discussing where each program is in relationship to its budget and its benchmark Maximum Total Payment/Funding Obligation. Total costs for January were 11% under budget primarily attributable to pre-paying certain expenses a month early (in December) to free-up headroom in the 2013 budget. He also mentioned that ColumbiaGrid renewed its office lease, for five years through May 2018, at a lower cost than what it had been paying the past five years.

Transmission Planning Update

Jeff Miller and Marv Landauer reported on the on-going ColumbiaGrid study team work. Jeff also announced that a new Planning Engineer has been hired and will be starting work on March 11.

- Puget Sound Area Study Team: All south to north projects are on schedule, except extended RAS, which has been delayed due to additional study work requested by B.C. Hydro. The report has been completed on north to south transfer capability.
- Northern Mid-Columbia Study Team: Cost allocation has been agreed upon and construction is ongoing through 2015. An operational study has been started.
- Wind Integration Study Team: Has developed TVL's for NWPP MC EIM and is waiting to review the NWPP MC EIM study results.
- Gas-Electric Interdependency Study Team: The team is investigating the dependence of the I-5 corridor area reliability on natural gas fired generation. They are working with the Pacific Northwest Utilities Conference Committee (PNUCC) and the Northwest Gas Association (NWGA). Additional studies have been completed that look at extreme peak load levels (1 in 20 years.) A draft report will be available on February 22 and the next meeting is scheduled for March 21 at which the report may be approved.

Northwest Area Coordinator is continuing work on case development. Outdated dynamics models are being tracked and phased out. Composite load model data are being corrected. The Base Case Coordination System (BCCS), a WECC tool developed by Siemens, has been delayed due to late software delivery. The Updated Data Preparation Manual has been approved with the following new requirements: non-conforming load flags and generator reactive capability curves if they are used for internal studies. Generator turbine type is required for the next study cycle.

Jeff Miller provided an update of current WECC activities, reporting on the Pacific DC Intertie upgrade, stating that the northern terminal is being replaced. Initial north to south rating change is from 3100 MW to 3220 MW, and additional upgrades could increase the rating to as high as 3800 MW. He reported that ColumbiaGrid is facilitating the WECC Project Coordination Process. He also reported on the Regional Transmission Expansion Planning Project. WECC is finalizing the 2012 studies and reports and ColumbiaGrid submitted a request for 2013. ColumbiaGrid is assisting with several tasks, including analyzing the study results and reviewing the draft reports. The Subregional Planning Group Coordination Group (SCG) is developing more formal procedures for coordinating between SPG's and is coordinating plan development timelines. They are facilitating compliance with FERC Order 1000, and the next meeting is scheduled for February 26.

2013 Biennial Transmission Expansion Plan

Marv Landauer reported that the initial draft was reviewed at the December 6 Planning Meeting and discussed at the December 19 Board Meeting, with a final draft for Board Review posted on December 24. The final draft was discussed at the January 31 Planning Meeting and additional comments were incorporated. Marv indicated that redline copies are available on the ColumbiaGrid website and a final version will be posted shortly. The Board then moved and carried that the 2013 Biennial Transmission Expansion Plan be adopted.

FERC / Federal Matters Update:

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

- Status of appeals of Order 1000 in federal court: Proposed briefing schedules have been filed but the D.C. Circuit has yet to act. We expect action soon with first briefs due within 60 days. NOTE: on March 5, the Court issued a briefing schedule - the first briefs are due on May 28, 2013.
- On January 17, FERC issued a Policy Statement re Allocation of Capacity for New Projects. . Under the policy statement, FERC will allow developers of merchant transmission projects and developers of nonincumbent, participant funded projects to select a subset of customers, based on not unduly discriminatory or preferential criteria, and negotiate directly with those customers to reach agreement on the

key rates, terms, and conditions for procuring up to the full amount of transmission capacity, when the developers (1) broadly solicit interest in the project from potential customers, and (2) demonstrate to the Commission that the developer has satisfied certain solicitation, selection and negotiation process criteria..

- On January 17, FERC issued a Notice of Proposed Rulemaking (NOPR) re Small Generator Interconnection Requests. Comments are due June 3, 2013. Highlights include FERC proposing an option for the TSP to provide info to a developer in a pre-application report to help locate a proposed new facility, a proposal to modify the 'fast track' process to cover projects up to 5 MW, and a proposal to allow customers to comment on proposed upgrades in a facility study agreement.

FERC Order 1000 Inter-regional:

Kristi Wallis reported that the planning regions have reached agreement on the interregional approach which is now reflected in common tariff language. They will be sharing that language with stakeholders in the next few weeks. Each planning region is on track to meet the interregional filing deadline of April 11. [After the Board Meeting, FERC extended the filing deadline until July 10. The PEFA Parties are currently evaluating the impact of the FERC extension.] To make the April 11 deadline, the PEFA Parties need to identify and evaluate possible changes to the PEFA to interface with the interregional approach. The PEFA will not be amended until after FERC acceptance of the intraregional filings, however, the filing parties will include in their interregional filings a red-line of potential changes to the PEFA if both the intraregional and interregional filings are approved by FERC. Additional work contemplated under the PEFA to meet inter-regional requirements is anticipated to be minimal with the existing structure of the PEFA remaining intact.

The PEFA Parties will meet with the ColumbiaGrid Board of Directors and Interested Persons at the end of March to present possible PEFA Amendments and give a detailed presentation of the interregional approach.

EIM/MC/Incremental Tools/VER Integration Update:

Patrick Damiano reported on several key issues regarding the status of the MC Initiative.

- The Executive Committee (EC) met in January to extend budget through March (with contingency to May 4 and including up to two months of extension of the production cost model licenses). The next EC meeting is scheduled on March 25. An EUCI conference on the MC Initiative will be held on March 27-29 and a CREPC meeting in Boise on April 8. The final analysis work is expected to be completed in April along with a corresponding report.
- There is not a single EMT or EIM tool that will be able to completely address all of the seven items listed in the MC Initiative's Problem Statement.
- The modeling of EIM benefits will produce an approximate range of possible outcomes rather than a precise single-point estimate, and the results are subject to the limitations of the modeling tool as revealed by the operational experts that have been part of the process. Kevin Harris is working on coming up with refined modeling methods to more accurately shape hydroelectric energy. Participants will be provided results in advance of the Executive Committee meeting to provide time for discussion of the results within their organizations and to help inform the discussions at the EC meeting on March 25.
- An EIM can be designed many different ways, depending on the desires of the Participants. There are several key EIM policy issues that the Participants have not yet reached consensus on. Discussions revolve around reliability, Resource Sufficiency (e.g. standards and enforcement of standards) and on transmission issues as they impact Transmission Service Providers.
- The Following Reserve Assistance Program is an EMT tool formerly known as Regulation Assistance, and is designed to address the issues of flexible resource ramping capacity and regional diversity. A "Following Reserves Assistance Program" may help shed light on the Resource Sufficiency issue. The team is working toward a shadow trial which sets aside commercial concerns in order to gather data.

CEO Report:

Allen Burns thanked the ColumbiaGrid staff for its hard work with the 2012 Audit, Office Lease Renewal, Order No. 1000 work, Transmission Planning work, and the work being done on the MC EIM effort. Allen mentioned the 2012 Annual report is now available. He also noted that ColumbiaGrid has finalized its website refresh and that the new site is up and running.

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 on upcoming meetings at the NWPP which can be found on their website.

Kenny Dillon of Avista Corporation announced that the members met and are close to announcing their plans to move forward with the election of a new Board member. Kristi Wallis thanked applicants for their patience with the process.

Adjournment: The meeting was adjourned at 11:55 p.m.