

# Notes

## WestConnect Steering Committee Meeting #82

December 20, 2011  
8:00 MST / 7:00 PST

615 S. 43rd Ave,  
Phoenix AZ, 85009

Dial-In #: 1-408-600-3600  
Conference Code: 803 489 584

(Draft 12-27-11)

1. Introductions/Arrangements – All
2. Determination of a Quorum – Smith A quorum was present. Basin Electric has signed the WestConnect MOU and is now a member.
3. Approval of Agenda – All The Agenda was approved.
4. Approval of Meeting #81 Notes – Reinhold  
  
The notes were approved.
5. Finance Report – Gardanier  
  
Black Hills and Basin have executed an MOU during late 2011 and will begin receiving invoices in January 2012.  
  
The Steering Committee expenses remain below budget for the month and the year. 1 member invoice is outstanding.  
  
The 2012 budget was reviewed to provide background for discussions of additional consulting services as well as the impact of adding two new members.  
  
The Planning expenses remain on the fixed price contract and will be below budget for the year. 1 member invoice is outstanding. Platte River Power Authority is joining the Planning Management Committee effective January, 2012.  
  
By motion, second and carried the Steering Committee approved delegation of decision-making on the Order 1000 portion of the SC budget to the Implementation Management Committee.

The Steering Committee agreed to revisit the 2012 budget following the Order 1000 discussion in the IMC meeting.

6. MOD-029 Update and Action

The small drafting group has been seeking responses to its Issue Paper and Draft SAR from other entities in the Western Interconnection. Both Columbia Grid and NTTG memberships have been briefed on the Issue Paper and SAR and are generally in favor of the proposed revisions to the standard. The briefings raised a number of minor questions (one about the potential for “gaming” studies to achieve higher flows and another about the intent to limit the proposed facility ratings to pre-MOD-029 transfer capability. The drafting group expects, but has not yet seen, letters of support to help frame a request to NERC to begin the national process to eliminate the Exemption/Waiver issued in early 2011.

7. Project Manager’s Report – Reinhold

A. Monthly Activities – Reinhold

Most activities are covered in the market enhancement reports below.

Presentations of WestConnect efforts to integrate intermittent resources and conduct planning for new facilities to help integrate such resources were made to a Solar Power Conference and a Small Hydroelectric Conference during the past month.

B. Market Enhancement Initiatives

1. Joint Initiatives – Reinhold

Intra-Hour Reservations & Scheduling Business Practices

JI has not gotten status reports on activities in the past month.

ITAP (Intra-Hour Transaction Accelerator Platform)

ITAP went into commercial use on November 14. Transaction activity is light as users get used to the system and continue to update system data and credit approval screens. Some of the Subscribers report active trading with numerous trading partners.

DSS (Dynamic Scheduling System)

DSS continues to be available for use but is not being utilized.

Transfer Capability MOD Strike Team

Activities reported above.

### Think Tank Activities

A Think Tank Conference Call/Workshop on flexible reserves was held December 16. The consensus of the group was that a more detailed description of the issue/problem needs to be developed to allow a determination of the need for JI action. A small drafting group was identified, and a meeting of that group and additional interested individuals will be scheduled in early 2012.

#### 2. Pricing – Reese

There were no transactions in November or December.

#### 3. Virtual Control Area – Avery

NREL has distributed a draft Western Wind and Solar Integration Study Phase 2 Report on thermal generation cycling and is accepting comments.

Reinhold was requested to determine if PacifiCorp is still an active ADI participant.

#### 4. EISWG – Taylor

The Work Group met December 19 and provided responses to a questionnaire about market design and functions to help determine the overall level of understanding and concerns. The responses show the group is far past basic training needs. Joe Taylor will catalog and arrange the questions into logical categories for additional discussions in the Work Group.

Joe also reported on other related activities in the West:

- WECC is no longer actively pursuing EIM.
- Colorado PUC opened a miscellaneous docket on the topic last week.
- There is an effort underway by 12 state PUCs to get DOE funding for travel related to EIM Issues. That group is looking to hold a summit meeting in early 2012. They have developed a website hosted by the Western Interstate Energy Board. Laurel Whisler will forward information on the site.

#### 5. LGIP FERC Filing – Smith (APS)

There were no updates on this item and it can be deleted from future agendas.

C. Website – Carroll/Reinhold

A number of email blaster lists have been developed in the past several months. The Steering Committee requested that the content of the lists be posted on the website.

8. Legal Subcommittee – Raymond Myford

DOE issued a NOPR on siting coordination this week. It is a follow-up to the proposal to delegate authority to FERC floated earlier in the year.

FERC issued an Order to BPA to revise curtailment procedures under its OATT.

Commissioner Spitzer has left FERC effective December 14. One rumored replacement is a current North Dakota Public Service Commissioner.

FERC has requested comments on its penalty guidelines.

9. 2011 Meeting Schedule – Smith

Meetings in 2012 will be combinations much like today, i.e. WCSC, PMC, IMC.

10. Action Items – Reinhold

- Laurel to distribute link to States' website regarding EIM
- Reinhold to check on PacifiCorp status in ADI.

11. Adjournment

# Agenda

## Planning Management Committee Meeting

December 20, 2011  
10:00 MST / 9:00 PST

615 S. 43rd Ave,  
Phoenix AZ, 85009

Dial-In #: 1-408-600-3600  
Conference Code: 803 489 584

1. Determination of a Quorum – Belval **A quorum was present.**
2. Approval of Agenda **The agenda was approved.**
3. ICF Proposal to Support Order 1000 Compliance

**Ron proposed to mirror the Steering Committee action to delegate decision making on the Order 1000 portion of the Planning Management Committee budget to the IMC. Upon a motion, second and carried the motion was approved.**

4. 2012 Budget Revision

**The 2012 budget with potential incremental ICF additions was reviewed.**

5. 2012 Meeting Schedule

**PMC conference calls will be scheduled on the Thursday of the week preceding the scheduled WCSC/PMC/IMC meetings at 9:00 Mountain prevailing time.**

6. Action Items

**None.**

7. Adjourn

# Agenda

## Order 1000 Implementation Management Committee Meeting #1

December 20, 2011  
12:00pm MST / 11:00am PST  
Meeting to Follow Lunch

615 S. 43rd Ave,  
Phoenix AZ, 85009

Dial-In #: 1-408-600-3600  
Conference Code: 803 489 584

1. ICF Proposal – All

Non-WestConnect attendees were asked to exit the room and the conference call for this discussion.

Jennifer Piggott and Ken Collison provided an overview of the ICF proposal. The proposal is not issue or task specific, but is rather designed to provide support during the evolving Order 1000 process and compliance activities. The proposal assumes attendance at all WestConnect IMC and task force meetings during the first quarter of 2012 with attendance ramping back to fewer in attendance or attendance by conference call later in the process. The technical presence at meetings would provide information on similar efforts/solutions done by other entities and help draw together materials to document consensus positions reached.

Following discussion, Reinhold was directed to develop a revised scope of work for potential ICF assistance.

2. Summary of Nov WCSC meeting per order 1000 – Smith

Order 1000 was issued in July, and in large part it requires public utilities to participate in a regional planning process. The process must result in an approved plan, the plan must provide for cost allocation for certain proposals, must take public policy into account, among other requirements.

WestConnect held an initial stakeholder meeting on October 24 in Denver, CO at Tri-State's offices. ICF International was hired to provide stakeholder meeting facilitation during the compliance period.

Following the stakeholder input, WestConnect has formed a number of task forces, including governance, planning, cost allocation, compliance, and communications.

The composition of the task forces is largely WestConnect members with some stakeholder representation. The mission of the task forces is to develop strawman proposals within the various areas for presentation to and discussion at WestConnect Stakeholder meetings.

### 3. Anti Trust Issue – Spina

Jennifer Spina from APS led a discussion of antitrust issues arising from directives contained in Order 1000. Transmission providers were directed to embark on cooperative discussions and actions by FERC, but that does not provide Sherman Act anticompetitive exemptions. There are potential concerns about providing competitive advantage in the resulting Order 1000 discussions among industry participants. The best practices to avoid Sherman Act implications are:

- Ensure broad participation by stakeholders.
- Provide public notice of meetings, keep meetings open to all, and prepare notes.
- Avoid side discussions among competitors.
- Provide a verbal anti-trust statement at all meetings.

Proposed language to be included in notices of meetings and read at the start of meetings of the IMC, strike teams and stakeholders is:

*Antitrust considerations direct meeting participants to avoid discussion of topics or behavior that could result in anticompetitive behavior including: restraint of trade and conspiracies to monopolize, unfair or deceptive business acts or practices, price discriminations, division of markets, allocation of production, imposition of boycotts, and exclusive dealing arrangements. Instead, discussion should be designed to produce tariff language reflecting a transmission planning process that is procompetitive and enhances efficiencies and consumer welfare.*

*Participants in this meeting should also avoid discussion of:*

- *your company's current or future prices, costs, marketing plans, internal business practices or other competitively sensitive information*
- *allocating markets, customers or territories with your competitors*
- *whether or not to deal with any other company or any action to exclude a competitor.*

*Minutes are being kept of this meeting. If anyone takes notes, make sure they are complete.*

*It is not the purpose of the meeting to discuss any topics that would raise antitrust concerns; if anyone believes we are straying into improper areas, please raise the topic with this group so that we can redirect the discussion.*

4. ~~Governance~~/State Participation – Tarpey

Bob Smith welcomed the State participants to the meeting and provided a summary of WestConnect’s Order 1000 process and strike team/task force composition. Input and active participation from the various states will be critical to the success of the effort to build an Order 1000 compliant process for WestConnect. Each state was invited to name participants for the IMC and all Strike Team activities.

Jim Tarpey indicated that there is concern among all western state commissions about Order 1000. The Order has many implications for the States’ regulatory processes, and the States need to be involved from the start.

The existing NTTG Steering Committee concept is attractive to the States. That Committee includes representation and voting by transmission owners, state regulatory commissions and state consumer advocates. Subcommittees of the NTTG Steering Committee include:

- Transmission Use
- Transmission Planning
- Cost Allocation

The States’ overall goal is to make the ultimate processes developed for Order 1000 compliance a collaboration that reaches informed decisions in the interests of all stakeholders. The States are looking for representation on the WestConnect steering committee as governing members and not as mere stakeholders. State decision-making responsibilities can be protected with appropriate disclaimer language as has been done in NTTG.

Many decisions made in the Order 1000 process may obviate (preempt) state commission action on projects selected in the process and resulting cost allocation decisions, so the Order 1000 discussions within Subregional planning groups may be the only forum the States will have. Prejudgment language as used in NTTG helps avoid conflicts for the States.

The WestConnect IMC members were supportive of formal state participation in this process.

5. Governance Strike Team – Smith

The Strike Team is populated by WestConnect members and Amanda Ormond as a stakeholder representative. State participation is desired. The Strike Team held an initial call last week to discuss potential governance structures for the Order 1000 compliance process and state participation in that process. Options discussed include

having the process overseen by the existing WestConnect Steering Committee, the Planning Management Committee, or a new governance structure

The Strike Team will also consider what entities will participate in the decision-making process following acceptance of Order 1000 compliance filings. That process will likely require a process broader than the existing WestConnect governance structures, and may require different constituents voting on different issues. Mike McElhany and Charles Reinhold were tasked with putting together a straw proposal for issues and voting to be considered by the Strike Team.

The Governance Strike Team will meet by conference call the first Wednesday of each month, 2-4 Mountain time.

During discussion, the States outlined their need to be involved in decision-making in the new Order 1000 processes, critically so in cost allocation matters. The cost allocation decisions made within the new planning process will likely pre-empt State considerations of assumption of costs by their jurisdictional utilities, and States desire a voting role both in the planning process design and post compliance governance processes.

The Northern Tier Transmission Group governance process was discussed as a model for state participation in regional planning activities. Reinhold was asked to prepare an outline of NTTG governance process.

Xcel Energy has developed an overview of a number of RTO and other entity planning governance structures and will share the document with the governance task force.

Barry Huddleston offered to provide a stakeholder participant's view of what works and doesn't work in many of the RTOs.

The governance process leading up to acceptance of the Order 1000 processes (interim governance) was discussed. The proposal was to have one vote for each Steering Committee or Planning Management Committee entity (a total of 16) with any matter requiring approval by the interim governance subject to the affirmative vote of a vote of 80% of the members. Upon a motion, second and carried the proposal was approved by IMC.

*CR NOTE: This motion was made before the discussion cycled back to the states request to have a voice in decision-making both for interim governance and governance following compliance with Order 1000. We should consider adoption of a modification of the motion to include the states and define the number of states included. Arizona, Colorado, Nevada and New Mexico seem to be a given. Texas and Wyoming (and possibly California) have a less direct relationship, but may also have a compelling interest.*

6. Planning Management – Henderson

This Strike Team has had two meetings and is developing a list of Order 1000 requirements, a gap analysis and milestone schedule.

The group will likely need external help drafting notes and straw proposals, and newsletters to interested parties. The group would also benefit from an overall comprehensive schedule to establish deadlines that accommodate the work of other strike teams.

7. Cost Allocation – Pottety

This strike team has also met twice. Efforts to date have been a review of a large amount of information on cost allocation processes in other areas.

The strike team recognizes the need to develop some key principles and processes:

- Determination benefits and how they are calculated
- Definition and identification of beneficiaries
- Varying processes for different by types of projects: reliability, economics, public policy.

The strike team is seeking more information on NTTG and Columbia Grid processes. It intends to investigate differences between independent transmission developers and merchant developers and how they are to be treated in the planning process.

The strike team will be developing a list of requirements for the cost allocation process and state participation is welcomed. The strike team has a conference call scheduled on Jan. 6, 2012 1:30-3:00 Pacific time.

8. Compliance – Myford

The compliance group has not met yet. A meeting will be scheduled in early January to begin deliberations.

9. Communications – Reinhold

Reinhold is compiling a comprehensive stakeholder distribution list for this effort.

10. Stakeholder Meetings – All

The group discussed the need to set meeting dates for continuation of the broad stakeholder process begun in Denver on October 24. Additional stakeholder meetings will be held:

- Wednesday, February 8, 2012 Las Vegas (10-2)

- Thursday, May 10, 2012 Phoenix (10-2)

11. 2012 Meetings – All

The attached 2012 meeting schedule was discussed with revisions noted below in red. When meetings occur on a single day, the meeting schedule will be: Steering Committee 9:00-11:00, Planning Management Committee 11:00-11:30, Lunch 11:30-12:30, and Implementation Management Committee 12:30-4:00. When meetings occur on two consecutive days, the Steering and Planning Management Committees will meet on the first afternoon (1:00-5:00), and the IMC will meet the second day (9:00 – 1:00).

12. Next Steps – All

Attachment 1

Proposed WestConnect Steering Committee Meeting 2012 Schedule

January 18	Denver (Tri-State)
February 16 (SC & PMC 1-5), & 17 (IMC 9-1)	Las Vegas
March 20	Phoenix (APS)
April 17	Albuquerque
May 15	Sacramento (SMUD/TANC)
June 19	<del>Denver (Xcel)</del> Phoenix (APS)
July 17	Las Vegas
August <del>21</del> 20 (SC & PMC 1-5), & 21 (IMC 9-1)	<del>Phoenix (SRP)</del> Denver (Xcel)
September 18	Albuquerque
October 16	Sacramento (SMUD/TANC)
November 20	Phoenix (WAPA)
December 18	Las Vegas

(Please note changes in Red)

ATTENDANCE:

	Name	Company	Phone	e-mail
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