

Draft
Minutes of the April 13, 2004
Meeting of the Western Interstate Energy Board
Albuquerque, New Mexico

Board Chairman Bill Keese (CA) called the meeting to order and asked attendees to introduce themselves:

Alberta	Kellan Fluckiger
Arizona	Not present
British Columbia	Peter Ostergaard
California	Bill Keese/Todd Peterson
Colorado	Not present
Idaho	Not present
Montana	Art Compton
Nebraska	Not present
Nevada	Dick Burdette
New Mexico	Joanna Prukop
Oregon	Not present
Saskatchewan	Not Present
Utah	Thomas Brill/Jeff Burks
Washington	Tony Usibelli
Wyoming	Steve Ellenbecker
Federal Representative	Governor James Geringer

Minutes

Chairman Keese (CA) asked for additions and corrections to the minutes of the November 2-4, 2003 Board Meeting in Las Vegas. There being no suggested changes, Joanna Prukop (NM) moved to approve the minutes. Tony Usibelli (WA) seconded the motion which was adopted.

Summary of Board Meeting Actions

Doug Larson (WIEB) reviewed the proposed work plan and budget for the Board for Fiscal Year 2004-05. Following discussion, the proposed motion approving the budget was amended to direct the Executive Committee and Executive Director to develop recommendations on a reserve investment policy for submission to the Board at its next meeting. With the amendment, Tony Usibelli (WA) moved and Joanna Prukop (NM) seconded the following motion:

- 1) Approve the proposed budget and work plan;
- 2) Authorize the acceptance of funds in the areas of radioactive waste, regional electricity cooperation, mine reclamation, transportation (including alternative fuels), energy efficiency and renewable energy, fossil energy, and cross-border

- energy trade;
- 3) Authorize the Executive Committee (Chairman, First Vice Chairman, Second Vice Chairman, and Treasurer) to approve, between meetings of the Board, the acceptance of funds in other areas, upon the written advice of members of the Board;
 - 4) Authorize the Executive Committee to approve in the fall the exact cost-of-living increase for employees based on the increase in the consumer price index for the Denver region;
 - 5) Adopt, as a target, a fund reserve equal to 2 times the difference between the proposed annual budget for core Board functions and forecasted dues in the year; and
 - 6) Direct the Executive Committee and Executive Director to develop recommendations on a reserve investment policy for submission to the Board at its next meeting.

The Board also instructed staff to identify in future budgets, “core” expenditures to enable the calculation of a reserve target, pursuant to the Board motion.

Election of Officers

Art Compton (MT) moved the following slate of officers of the Western Interstate Energy Board for the coming year: Bill Keese, Chair; Joanna Prukop, First Vice-Chair; Tony Usibelli, Second Vice-Chair; Dick Burdette, Treasurer, as officers of the Energy Board for the coming year. Steve Ellenbecker (WY) seconded the nominations. The Board unanimously elected the slate. Art Compton (MT) nominated Bill Keese, Chair; Tony Usibelli, Vice-Chair; Dick Burdette, Treasurer as officers of the Western Interstate Nuclear Board. Tony Usibelli (WA) seconded the nominations. The Board elected the slate of officers.

Report of the Federal Representative

Gov. Jim Geringer (Federal Representative) reported on the elements of a recent briefing the President received on the pending federal energy legislation, the U.S. federal government’s proposed FY 05 energy budget, the Midwest-Northeast blackout report, clean coal technology, and escalating natural gas and petroleum product prices. The subsequent Board discussion focused on the impacts from escalating petroleum prices and product shortages, including interstate dependencies such as Nevada and Arizona dependency on California refineries. The observation was made that the interplay of supply and demand in energy markets can be addressed by either setting standards because of market externalities, as is the case with electric system reliability, or live with periodic disruptions and mitigate the consequences. The Board agreed to pay increased attention to petroleum product prices and availability and directed the Executive Committee to fashion a request of Governors for directions to the Board in this area.

Governors' Priorities

Pam Inmann, the new Executive Director of the Western Governors' Association, described her background and the WGA North American Energy Summit that immediately followed the Board meeting. She outlined possible Summit outcomes, including Alberta joining the WGA Transmission Permitting Protocol and the release of a [handbook on best practices in coalbed methane](#) development and a report on [energy efficiency opportunities in the U.S./Mexico border region](#). Inmann reported on planning for the WGA Annual Meeting in Santa Fe in June and the likely priorities of the incoming WGA Chairman Bill Owens (CO) which are the Endangered Species Act and generation and transmission financing.

Regional Electricity Decision-Making

Doug Larson (WIEB) briefed the Board on the Committee on Regional Electric Power Cooperation's recommendation to Western Governors on an enhanced state/provincial regional electricity function. At its meeting in March, CREPC found that an interstate compact is not needed at this time. However, there is an urgent need to upgrade the capabilities of states and provinces to participate in regional electricity activities. CREPC recommended that the Governors accept the recommendations at the June 2004 WGA annual meeting and direct CREPC to solicit stakeholder comments on the recommendations. CREPC also recommended that Western Governors form a task force to develop a plan to fund an enhanced regional electricity function.

Adequacy of Natural Gas Supplies and Infrastructure

Todd Peterson with the California Energy Commission briefed the Board on a proposal for WIEB and the CEC to conduct a joint natural gas adequacy assessment. The assessment will help to fulfill directions in the WGA Energy Policy Roadmap resolution that call for an assessment of the adequacy of the Western electricity system, including the adequacy of natural gas supplies and infrastructure to fuel natural gas-fired generation. Following discussion of the proposal and useful next steps (e.g., offering training to states/provinces on the North American Regional Gas (NARG) model, securing participation and financial support from DOE, participation by industry in elements of the study, coordination with FERC), the Board approved the [proposed approach](#) to conducting a natural gas adequacy assessment. The Board agreed to several next steps:

- Additional proposed questions to be addressed in the assessment are to be emailed to staff by April 26.
- A conference call was set for April 28 to reach agreement on the questions to be addressed in the assessment, answer any questions about the modeling approach, discuss information and resource needs to implement the assessment approach, and discuss organization of a project management team.
- The following persons were identified as state/provincial leads for the assessment Larry Charach (AB), David Molinski (BC), Todd Peterson (CA),

Art Compton (MT), Dick Burdette (NV), Joanna Prukop (NM), Thomas Brill (UT), Tony Usibelli (WA), and Steve Ellenbecker (WY). Other states/provinces interested in participating were asked to email the name of a contact person to dlarson@westgov.org.

Western Renewable Energy Generation Information System (WREGIS)

Jeff Burks (UT), who has been the WGA's lead state person in the development of WREGIS, was joined by Jan Hamrin and Bob Anderson, Center for Resource Solutions, in a presentation to the Board on the status of WREGIS development and the critical issues of the institutional home for WREGIS and the governance of WREGIS. Findings from an investigation of different institutional options, including WIEB, were presented. Following discussion, the Board expressed its support for the Western Renewable Energy Generation Information System (WREGIS) and recommended that the Western Electricity Coordination Council become the home for the WREGIS system. The Board also supported the states and provinces having a lead role in the governance of WREGIS and expressed its willingness to be involved in a governing body overseeing the system.

Energy Emergency Preparedness

Via teleconference, Mark Anderson (WA) briefed the Board on the efforts of national organizations (NASEO, NARUC, DOE) on energy emergency preparedness, including the development of guidelines for state emergency preparedness, a secure DOE web site for emergency coordinators, upgrading of market information from EIA, and tabletop emergency exercises. Following the discussion, Tony Usibelli (WA) agreed to act as liaison with a related NASEO/NARUC effort on energy assurance issues. Chairman Keese directed that the status of state/provincial emergency preparedness activities be on the agenda for future Board meetings. There was also agreement to develop a survey of Western states/provinces on the status of emergency preparedness activities.

Reports on Recent Developments

Art Compton (MT) reported on coalbed methane development in Montana, including water quality and water management issues. Joanna Prukop (NM) reported on legislative efforts in New Mexico to allow the use of CBM water to cool power plants. In response to a question on the status of opposition to CBM development: Art Compton (MT) said that water was the key issue in his state; Steve Ellenbecker (WY) said that the level of opposition depends on the community impacted; Joanna Prukop (NM) reported litigation between CBM developers and coal miners over surface damages due to intensive well development; and Jim Geringer (Federal Representative) cited the difficulties presented by split estate in CBM development.

Steve Ellenbecker (WY) reported on the Rocky Mountain Area Transmission Study (RMATS) and the enactment of the Wyoming Infrastructure Authority to finance

transmission construction. Bill Keese (CA) reported on coordination between the CEC, the California ISO, and the California PUC on electricity needs assessment and the PUC's issuance of certificates of public convenience and necessity.

Tony Usibelli (WA) and Bill Keese (CA) reported on the West Coast Governors' Global Warming Initiative to reduce greenhouse gas emissions. British Columbia is involved in the discussions. Usibelli also reported on Washington State legislation to require new power plants to mitigate a portion of their carbon dioxide emissions.

Regional Carbon Sequestration Partnerships

The Board received updates from two of the four regional carbon sequestration partnerships: John Harjuu on the Plains CO2 Reduction Partnership and Brian McPherson on the Southwest Regional Partnership for Carbon Sequestration. The partnerships have been focusing on identifying sources and potential sinks in each region, examining regulatory and permitting requirements, and beginning public outreach. In the next year the projects will evaluate and rank options according to: Practicality / Feasibility; Safety / Regulatory issues; Public perception and acceptance; Monitoring and Verification. They will also develop a design for Phase II, which will be demonstration projects.

Next Board Meeting

The Board agreed to hold its next meeting in coordination with CREPC. An initial survey showed that late October was the preferred meeting time.

The meeting was adjourned.