

ADVICE OF THE
WESTERN INTERCONNECTION REGIONAL ADVISORY BODY
TO THE BOARD OF DIRECTORS OF THE
WESTERN ELECTRICITY COORDINATING COUNCIL

Pursuant to Section 215(j) of the Federal Power Act, the Western Interconnection Regional Advisory Body (WIRAB) is authorized to provide advice to the Western Electricity Coordinating Council (WECC) on "...whether fees proposed to be assessed within the region are just, reasonable, not unduly discriminatory or preferential, and in the public interest..."

Pursuant to this authority, WIRAB submits the following advice to the WECC Board of Directors regarding the funding of a study of the cost, benefit and reliability impacts of the seams coordination tool and energy imbalance service as proposed by the Market Interface Committee's (MIC) Seams Issues Subcommittee (SIS).

- WIRAB supports the MIC recommendation that the WECC Board of Directors fund the SIS proposed cost, benefits and reliability impacts study and recommends the WECC Board to approve funding for the study. WIRAB understands that the WECC budget for 2010 does not include funding for such a study. However, given the importance of this proposal, WIRAB urges the Board to fund this study out of reserve funds or other funds in the 2010 budget and include necessary funding in WECC's 2011 budget.

- WIRAB further recommends the Board establish a high-level oversight committee comprised of selected WECC Board members, state and provincial representatives, and representatives of Balancing Authority CEOs to oversee the study and ensure that it addresses issues and questions relevant to key decision-makers. In addition, WIRAB

recommends the Board create a technical advisory group to guide the detailed analysis. This group should include state and provincial representatives.

- WIRAB will contribute \$25,000 for the study.

WIRAB members represent the states of Arizona, California, Colorado, Idaho, Montana, Nebraska, Nevada, New Mexico, Oregon, South Dakota, Utah, Washington, and Wyoming and the Canadian provinces of Alberta, British Columbia, and Mexico.

1. Seams Coordination Tool and Energy Imbalance Service

The WECC Seams Issues Subcommittee (SIS) is proposing to develop a seams coordination tool and a real-time energy imbalance service (referred to collectively as “tools”). The seams coordination tool would enable operators and reliability coordinators to see in more detail priority-sorted transmission service contributions to real-time congestion. The existing rudimentary seams tool used in the WECC would be augmented to increase both the speed and accuracy of determinations of allocations of curtailment responsibility when the grid is congested. The energy imbalance service (EIS) would use regional security-constrained economic dispatch within a voluntary market to supply imbalance energy, manage transmission constraints, and settle energy imbalance and redispatch transactions across Balancing Area borders. The SIS is proposing to execute a study to evaluate the costs and benefits of the proposed tools on the Western Interconnection.

WIRAB recognizes the importance of this kind of initiative for the Western Interconnection and supports the proposed study. The tool proposed by the SIS could support and enhance situational awareness across the Western Interconnection. With the increasing level

of variable generation being installed, the need for real-time modifications to scheduled interchange is increasing. The time frame in which operating decisions must be made is short and situational awareness is increasingly important to ensure reliability. The SIS' proposed seams coordination tool and energy imbalance service would expand upon and complement existing WECC regional investments in situational awareness tools to protect system reliability. In addition, the enhanced ability to see the grid may offer insight into the need for new or revised reliability standards. A study of the cost, benefits and reliability impacts of the SIS proposed tool is a critical first step in the process of evaluating the proposal.

The Western Interconnection Regional Advisory Body has authorized the contribution of \$25,000 for the cost-benefit study.

WIRAB Recommendation

WIRAB recommends that the WECC Board approve funding for a study of the cost, benefits and reliability impacts of the SIS seams coordination tool and energy imbalance service proposal.

2. Study Oversight Committee and Steering Committee

WIRAB recognizes the importance of ensuring that the study of the SIS proposal addresses questions of Balancing Authorities, states and provinces and WECC Board members. BAs will need to act to implement any cost-effective reforms. Information from the study will be important in state and provincial regulatory decisions and policy development. The WECC Board may need to take further action, depending on the results from the study. A high-level

oversight committee should be established to help ensure that the study addresses the information needs of key decision-makers. In addition, it would be valuable to include state and provincial participation on a technical advisory committee established to oversee the detailed execution of the study.

WIRAB Recommendation

WIRAB recommends that the WECC Board create a high-level study oversight committee comprised of selected WECC Board members, state and provincial representatives, and representatives of Balancing Authority CEOs.

WIRAB Recommendation

WIRAB recommends that the WECC Board create a technical advisory group for the study. The group should include state and provincial representatives.

Dated this 8th day of April, 2010.

Respectfully submitted,

A handwritten signature in black ink that reads "John F. Savage". The signature is written in a cursive, flowing style.

John Savage, Chairman
Western Interconnection Regional Advisory Body