

Summary of September 5, 2008 WIRAB Meeting

The following members participated in the September 5, 2008 Western Interconnection Regional Advisory Body (WIRAB) meeting and constituted a quorum:

Alberta	Ian McKay
Arizona	Lori Faeth
British Columbia	Shelley Murphy
California	Bill Chamberlain
Colorado	Morey Wolfson / Jeff Hein
Idaho	Lou Ann Westerfield
Mexico	Marcos Valenzuela
Montana	Art Compton / Larry Nordell
Nebraska	Tim Texel
Nevada	Rebecca Wagner
New Mexico	Joanna Prukop
Oregon	John Savage / Matt Muldoon
South Dakota	Dusty Johnson / Brian Rounds
Texas	Evan Rowe
Washington	Tony Usibelli
Wyoming	Steve Ellenbecker

Also present were Louise McCarren / Tom Schneider / Chris Luras / Brad Nichol (WECC), Pat Van Midde (SDG&E), and Doug Larson / Tom Carr (WIRAB).

WIRAB Chairman John Savage (OR) opened the meeting and asked if there were any comments on the summary of the July 10 meeting. Joanna Prukop (NM) moved and Steve Ellenbecker (WY) seconded a motion to approve the summary. The motion was adopted.

Public Comment

There were not public comments.

WECC Update

Compliance

Chris Luras, Senior Compliance Enforcement Analyst for WECC, presented the compliance update. WECC closed one compliance investigation in August and has five other compliance investigations pending. Two of the five pending compliance investigations involve vegetation, two relate to relay protection, and one concerns metering. WECC will be starting a new web portal on October 1. Data submittals to WECC Compliance will occur through the new web portal. In August, WECC Enforcement sent Notice of Alleged Violations (NOAV) letters to 12 entities covering

115 alleged violations. Seven entities requested to settle with WECC and two of those entities have settled in principle.

WECC has conducted 24 on-site audits in 2007-08. These on-site audits resulted in 200 new alleged violations with an average of 8 violations per on-site audit. By contrast, WECC completed 54 off-site (Table Top) audits yielding 50 new violations for an average of 1 violation per off-site audit. This pattern of violations from on-site and off-site audits is counter to prior expectations that assumed that off-site audits would produce a higher level of violations since many of these entities are new to the reliability standard compliance.

WECC faces a large backlog of compliance violations. The number of pre-June 18 violations are 2370 reported and accepted, 1613 have been mitigated or in review, and 757 remain open. The number of post-June 18 violations are 1140 reported and accepted, 371 mitigated or in review, and 769 remain open. The combined number of open violations is 1526 that will be covered by approximately 517 mitigation plans. Additionally, the Critical Infrastructure Protection (CIP) standard required entities to submit self certification by July 15. WECC sent out 410 notices and obtained 393 responses. All 46 entities required to self-certify did so. WECC is taking steps to address the backlog. The spot-check process has been suspended for 2008 to free up resources to address the backlog. The remaining 2008 off-site audits will be postponed until 2009. WECC has decided to accept compliance mitigation plans for most 2007 self-reported violations based on the entity's compliance officer's certification.

Louise McCarren reported that NERC is asking for more data on each NOAV letter that one year ago in response to a FERC order. WECC staff must devote more time to such requests. McCarren met with FERC enforcement staff last week. FERC will accept signed mitigation plans except for the six most important violations. If WECC subsequently finds that the entity's mitigation plan inadequate, WECC will not retroactively impose penalties to the date of the signed plan. WECC has not finalized any settlements to be sent to NERC or reached hearing body results that are ready to go to NERC. WECC has prepared a batch of no-penalty violations that have been sent to NERC.

RC Implementation

McCarren also reported that the Reliability Center (RC) implementation is on time and on budget. NERC plans to conduct a review to ensure the RCs have all systems in place on site the week of October 6. The NERC review will not be a compliance audit or certification or readiness review. In response to a question, McCarren believed that WECC had resolved problems with the California ISO regarding the RC operations but as not sure if the negotiations are complete.

Tier 1 Standards

WECC has filed its proposed revised Tier 1 standards to NERC. WECC has had discussions with staff at both NERC and FERC who have raised troublesome issues. The NERC and FERC concern is whether the proposed changes are more stringent than the existing standards. WECC expects to pursue a formal filing to NERC as soon as they get final NERC staff recommendations.

ADI

Tom Carr presented background the ACE Diversity Interchange (ADI) project and recent developments. ADI pools the Area Control Errors (ACE) among balancing authorities to take advantage of diversity in control error. Four parties entered the ADI Agreement on November 13, 2006. British Columbia Transmission Corporation is the host and four balancing authorities currently utilize the ADI system: Idaho Power, NorthWestern, PacifiCorp West and PacifiCorp East. ADI operations started on March 31, 2007, and numerous BAs are interested in joining ADI. On July 23, 2008, WECC sent a letter to an ADI representative raising concerns about a footnote in ADI document referencing WECC and stated concern about potential reliability standard violations. ADI participants responded by suspending operations August 6. On August 22, ADI representatives and WECC staff held a meeting in Portland and agreed to steps to resolve the mutual concerns. ADI participants re-started operations on August 28.

Lou Ann Westerfield, Idaho PUC, spoke on behalf of the Northern Tier Transmission Group (NTTG) and raised concerns about WECC actions on ADI. Westerfield observed that it was a letter from WECC staff on behalf of the Performance Work Group (PWG) that caused ADI to stop operations and forgo the benefits of ADI which include lower generation costs, ability to accommodate more wind, ability to meet CSP 1 and CSP 2 standards. Westerfield argued that a work group or subcommittee should not be able to go to WECC staff to shut down commercial activities. We can expect new products to be developed in the future by subregional entities. There should be a better process to address these kinds of issues.

Larry Nordell, Montana Consumer Council, observed that states have been very interested in ADI because of NorthWestern's problems to integrate wind energy in Montana. NorthWestern has had problems meeting their CPS 2 reliability standard and ADI eases the compliance with CPS 2. NorthWestern is required to buy more renewables under its state renewable portfolio standard and is considering pending over \$100 million for a natural gas plant to help accommodate the variations in wind output.

Louise McCarren responded on the ADI issue with the following points. WECC supports the ADI concept. WECC does not have to approve or grant permission for ADI to operate. The July 23 WECC letter to ADI was misguided to suggest there was a violation of reliability standards. It is appropriate to have a westwide conversation on the impact of ADI on reliability and consider the implications if ADI expands across the region. McCarren proposed to add ADI to the agenda of the October WECC Board meeting and invited Westerfield or another ADI representative to participate.

John Savage concluded this discussion with instructions to staff to monitor and make recommendations to WIRAB.

NERC Update

Doug Larson reported that NERC is moving forward with a consolidated budget to file with FERC. There are no major issues of controversy in the budget and that NERC did not change the WIRAB budget. The question was raised whether WIRAB should offer advice on this budget proposal. It was agreed that WIRAB would want to offer advice and instructed staff to prepare a draft advice.

FERC Update

Tom Carr reported that FERC issued four orders on July 17 that addressed Attachment K filings under Order 890 for western transmission providers within four subregional planning groups: Southwest Area Transmission (SWAT)/Sierra group; Colorado Coordinating Planning Group (CCPG); Northern Tier Transmission Group (NTTG); and Columbia Grid. FERC conditionally accepted the Attachment K filings of these western transmission providers but directed modifications in certain areas. The key types of modifications included changes involving requirements on (1) regional participation, (2) economic planning studies; (3) cost allocation, and (4) recovery of planning costs. FERC requires compliance filing 90 days after the July 17 orders. FERC will monitor transmission planning and will hold regional technical conferences in 2009. On September 9, FERC held a technical conference with the western subregional planning groups on the Attachment K requirements. Staff will provide an update on the September 9 technical conference.

WIRAB Developments

Doug Larson reported on recent WIRAB developments. In response to a request from the last WIRAB meeting, staff will be refining links on the WIRAB website to NERC and FERC websites.

There will be a CREPC meeting October 29 and a joint WIRAB and CREPC meeting on October 30 in Santa Fe. The meetings will provide western PUCs with insights on compliance program and coming violations; hear from registered entities on areas of concern and potential fixes; and receive a briefing on WECC's study of the WIRAB low-carbon scenario.

The next WIRAB call for November 24 at 1:00 p.m. PDT / 2:00 p.m. MDT / 3:00 p.m. CDT.

Summary of next steps:

- Draft advice on the NERC budget submission
- Draft advice on the revised Tier 1 standards upon resolution of NERC-WECC staff discussions.

- Monitor ADI developments
- Draft brief summary on FERC Technical Conference with subregional groups