



Board of Directors August 3, 2007 Meeting Minutes

The PNUCC Board of Directors met on August 3, 2007 from 9:00 a.m. to noon at the Embassy Suites Portland Airport. The list of attendees is attached.

Next Board Meeting September 14, 2007

Corporate Business & Member News

The Board acknowledged the PNUCC Antitrust Compliance Statement prior to unanimously approving the July meeting minutes.

Following a round of introductions members shared their news.

- Scott Brattebo announced that he would be retiring from PacifiCorp. The Board congratulated him.
- Jim Miller, Idaho Power reported that recent lightening storms caused major trouble when it struck two cooling towers at the Jim Bridger power plant in Wyoming. This has caused 1.5 units at the facility to go down he said.
- Stormy weather and fires in Montana were also causing havoc according to Doug Grob. He reported that there were power outages around Flathead Lake following a reported tornado and that Montana is burning up from fires started from lightening.

Regional Dialogue Policy and Record of Decision

Mark Gendron, BPA told the Board that he was glad to have the Long-Term Regional Dialogue Policy out. It took a long time to get that done, but now that we have it, Mark is looking forward to taking the next steps toward signing long-term contracts with BPA's customer.

There are issues that still need to be dealt with including service to public utilities, direct service industries and ironing out the issues regarding the residential exchange benefits.

BPA intends to offer contracts to all customers simultaneously beginning August 2008, Mark noted. He recognizes that this is a very tall order given the outstanding issues; however he said that BPA can't afford to stop. He believes that everyone is interested in ensuring an adequate infrastructure to meet BPA's obligations. There will be a new Administration in 2008 and they don't want to unravel all the good work that has been done to date because there are new players interested in the issue.

There are workshops already underway according to Mark. A framework for service to publics will be presented next week. He is also looking for input for products BPA should offer, as well as ideas on the Tier 2 concept.

Board members asked several questions and expressed concerns about the process. Mark affirmed that BPA's goal in this process is to preserve the cost-based benefits of the federal power system for the region and to provide certainty to customers.

Mark heard growing concern about trying to complete all the contracts at the same time. The fear is that waiting for all customers to get agreement will slow the process down considerably. Those expecting they will need Tier 2 resources are anxious to have their contracts completed as soon as possible to allow them more time to plan.

Others stressed the importance of finding the careful balance for resolving each of the issues in relation to the other. BPA was encouraged to think about the transition to 2011 and about the future rather than the past as they work to develop new contracts.

Residential Exchange Status and Next Steps

Jack Speer began by noting that there was a public meeting two days earlier regarding the residential exchange. He said that it was a good meeting, but sobering to hear how far apart folks are. Several others noted the large turnout and interest in that meeting. They said that participants expressed strong views and concerns, yet they were collegial and there was interest in finding a regional solution.

Mark said he had had reservations about the meeting and worried that it could have an adverse impact on future discussions. He appreciated people's statesmanship and thought the meeting was a success.

Agreement on the residential exchange settlement is a part of the Regional Dialogue. The schedule is to come to a conclusion by January 2008. The investor owned utilities expressed an interest in resolving their issues prior to the coming heating season.

The conversation turned to other related issues. Mark fielded questions about the challenges of integrating intermittent resources and the use of wind resources for

augmenting the system. It was observed that as wind generation becomes more prominent in the Northwest resource mix, the issues already identified will become even more significant.

There was also discussion about BPA acquiring renewable energy and how and if Northwest utilities would be able to add this generation to their portfolios to meet their obligations to acquire renewable resources.

Climate Change Activities

Dick Adams began by directing the Board's attention to the PNUCC task force's scope of work and the list of issues remaining for the group's discussion. Dick pointed out that he added the Council's CO₂ Footprint of the Northwest analysis to the list of discussion topics.

Scott Brattebo, PacifiCorp, reported to the Board that a few of the task force members met recently to review a response letter to Congressman Inslee. The Congressman requested input from PNUCC after several PNUCC Board members met with the Congressman and his staff in April to discuss climate change legislation. The draft letter, Scott told the Board, is fairly lengthy and technical, and focuses on research and development issues related to climate change. Jessica Wilcox, Snohomish PUD, reported to the Board that she has been in contact with Congressman Inslee's staff who would like PNUCC to come to an agreement on climate change legislation issues, namely the allocation of emission allowances. Failing reaching consensus, she said, the Congressman would still like to hear from individual PNUCC members; he is looking for input on possible legislation.

The Board also discussed the value of reviewing proposed climate change legislation, including comparing elements of the bills to the PNUCC climate change principles. The Board will be updated at the September meeting on the status of this review and the progress of the task force.

Regional Wind Integration Study

Jeff King, Northwest Power & Conservation Council staff brought the Board newly published copies of The Northwest Wind Integration Action Plan, WIF document 2007-1. He said he was glad to share the results of this phase with the Board to help propel the effort to implement the actions identified for the second phase. He also thanked BPA for their significant help.

For context, Jeff provided a snapshot of wind development in the region since the first commercial-size wind facility was brought on line in 1998. And he described the Wind Integration Forum, the committee structure they used to provide input into the wind integration effort.

One of the Phase 1 findings is that the principal benefits of wind power in the region is energy. Additional wind generation reduces production of fossil fuel emissions primarily through displacement of base load natural gas plants and reduces exposure to natural gas price uncertainty and volatility.

Jeff also reported that Northwest utilities will need to rely on capacity resources (hydro, thermal or demand-side) to meet peak loads. Studies showed that the region's extreme heating and cooling events frequently are accompanied by region-wide high-pressure weather systems resulting in no air movement.

The next phase of the Wind Integration work will be to implement the 16 actions that were identified in Phase 1. Actions include such items as reassessing the 15% sustained wind capacity assumptions, refining estimates of the cost and supply of wind integration services and brainstorming ways to improve markets for flexibility services. It is expected that this phase of the project will take two years.

The Board asked several clarifying questions about assumptions that have been made and potential future work. Jeff encouraged those that are interested to get involved in the Wind Integration Forum Technical Committee. And if there are people interested in participating in the Steering Committee, Jeff recommended they communicate with the Steering Committee co-chairs, Steve Wright and Tom Karier.

NRF- Capacity Analysis

Due to time constraints this item was postponed until September.



Attendance List **August 3, 2007 Board of Director's Meeting**

Jack Speer	Alcoa
Kelly Norwood	Avista Corp.
Dick Adams	PNUCC
Mark Stauffer	NorthWestern Energy
Steve Eldrige	Umatilla Electric Cooperative
Scott Brattebo	PacifiCorp
Steve Klein	Snohomish PUD
Scott Corwin	Public Power Council
Phil Obenchain	Idaho Power
Michael Early	Industrial Customers of NW Utilities
Bob Huber	Alcoa
Jack Mayson	Seattle City Light

Attendance List (Continued)
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Jim Miller	Idaho Power
John Prescott	PNGC Power
Jean Ryckman	Franklin PUD
Gerry Miller	Cowlitz PUD
Chuck Berrie	Grant PUD
Dave Ward	Tacoma Power
Doug Grob	Flathead Electric Cooperative
Jim Litchfield	Litchfield Consulting Group
Ken Canon	Industrial Customers of NW Utilities
Steve Fisher	Consultant
David Fitzsimmons	BPA Transmission
Megan Stratman	NW Requirements Utilities
Jay Fintz	Chelan PUD
Shane Scott	S. Scott & Associates
Joe Lukas	Grant PUD
Cyrus Noë	Newsdata
Luanna Grow	Consultant for Grant PUD
Jim Luce	Washington EFSEC
Jack Janda	Mason PUD #1
Steve Johnson	Washington PUD Association
Dirk Borges	Canby Utility
Howard Schwartz	WACTED/NWPCC
Harry Hewitt	Tillamook PUD
Frank Brawner	Tillamook PUD
Jim Sanders	Clark Public Utilities
Bo Downen	Public Power Council
Jessica Wilcox	Snohomish PUD
Jeff King	NW Power & Conservation Council
Brian Skeahan	Cowlitz PUD
Dan Peterson	Pend Oreille PUD
Bob Geddes	Pend Oreille PUD
Ken Phillips	Tillamook PUD
Denny Rohr	D. Rohr & Associates
Lee Corum	PNUCC
Shauna McReynolds	PNUCC