

NWPP Members' MC Initiative

WSPP OC Update

March 7th, 2014

NWPP MC Initiative Update

- NWPP MC Initiative
 - Objectives
 - Phase 1 and 2 Review
- NWPP MC Phase 3 Overview
- Q/A

NWPP MC Objectives – Mar '12

Deliver Comprehensive Northwest Solution to:

- Manage Variable Energy Resource Operational Impacts
- Share Regional Balancing Diversity and Capabilities
- Enhance Reliability of Transmission Constraint Management
- Mitigate Compliance Exposure and Costs
- Leverage Existing Tools Where Expedient
- Preserve Existing Reserve Sharing Group Benefits
- Respect Local Control and Self-Determination Priorities

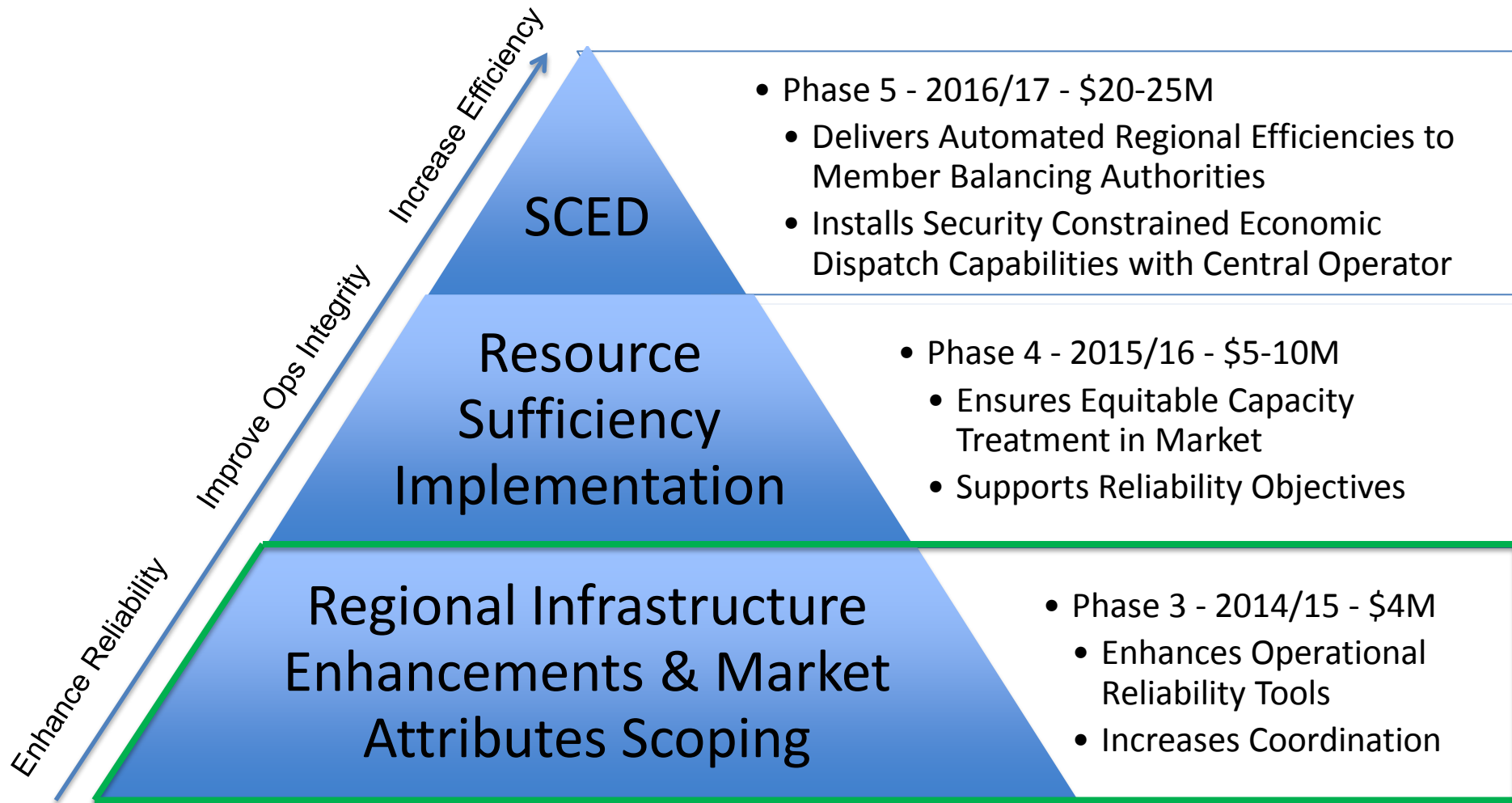
NWPP MC Phase 1 Key Outcomes

- No single solution addresses entire problem statement
 - 15-min intra-hour energy-only transactions are not sufficient
 - Diversity benefits are real, but ability to access is constrained by existing transmission, coordination, and economic environment
- Region needs a comprehensive enhancement of its operations and commercial framework
 - Respects existing OATT-based investments,
 - Builds on foundation of reliability and local control,
 - Addresses capacity sufficiency at the BA and entity level,
 - Captures cost savings through accessing in-hour diversity, and
 - Solidifies bilateral market outcomes that will continue to account for <90% of all market activity for foreseeable future.

NWPP MC Phase 2 Key Outcomes

- Clarified opportunity to work together to achieve customer benefits
- Developed Northwest regional implementation plan that maximizes benefits and options (with or without a future centralized economic dispatch program)
 - Based on Policy and Technical refinements
 - Integrates with Peak Reliability and NWPP RSG initiatives
 - Leverages existing infrastructure and near-term projects
- Refined coordinated in-hour economic dispatch platform interaction cost estimates at the MP level
 - Found a few edits; ultimate platform design will shift costs
- Drafted bylaws for an “EIM” Admin Corp that address concerns about FERC jurisdiction and scope creep

Phases 3 - 5: Building to a Comprehensive PNW Solution

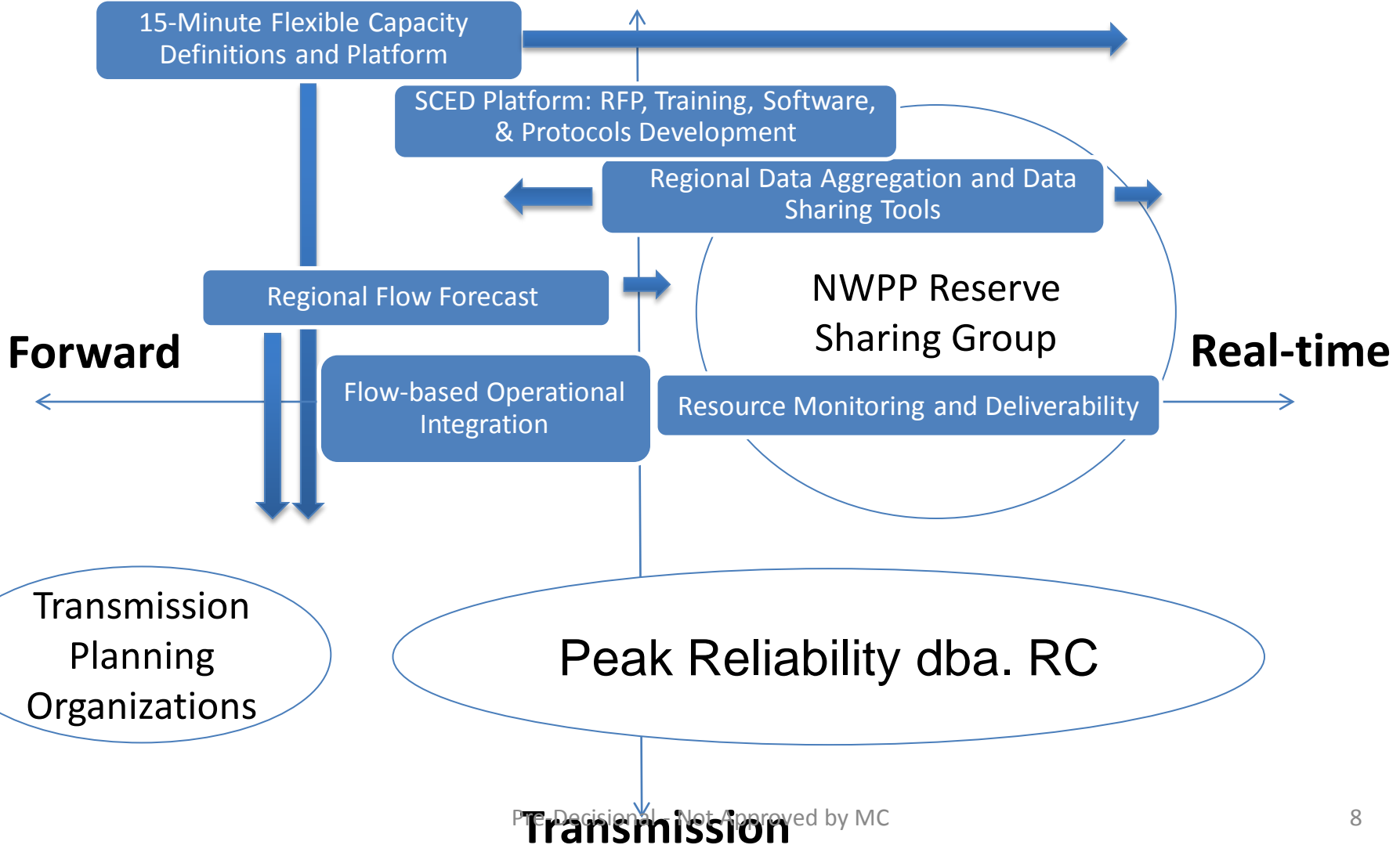


Phase 3 – Summary Scope

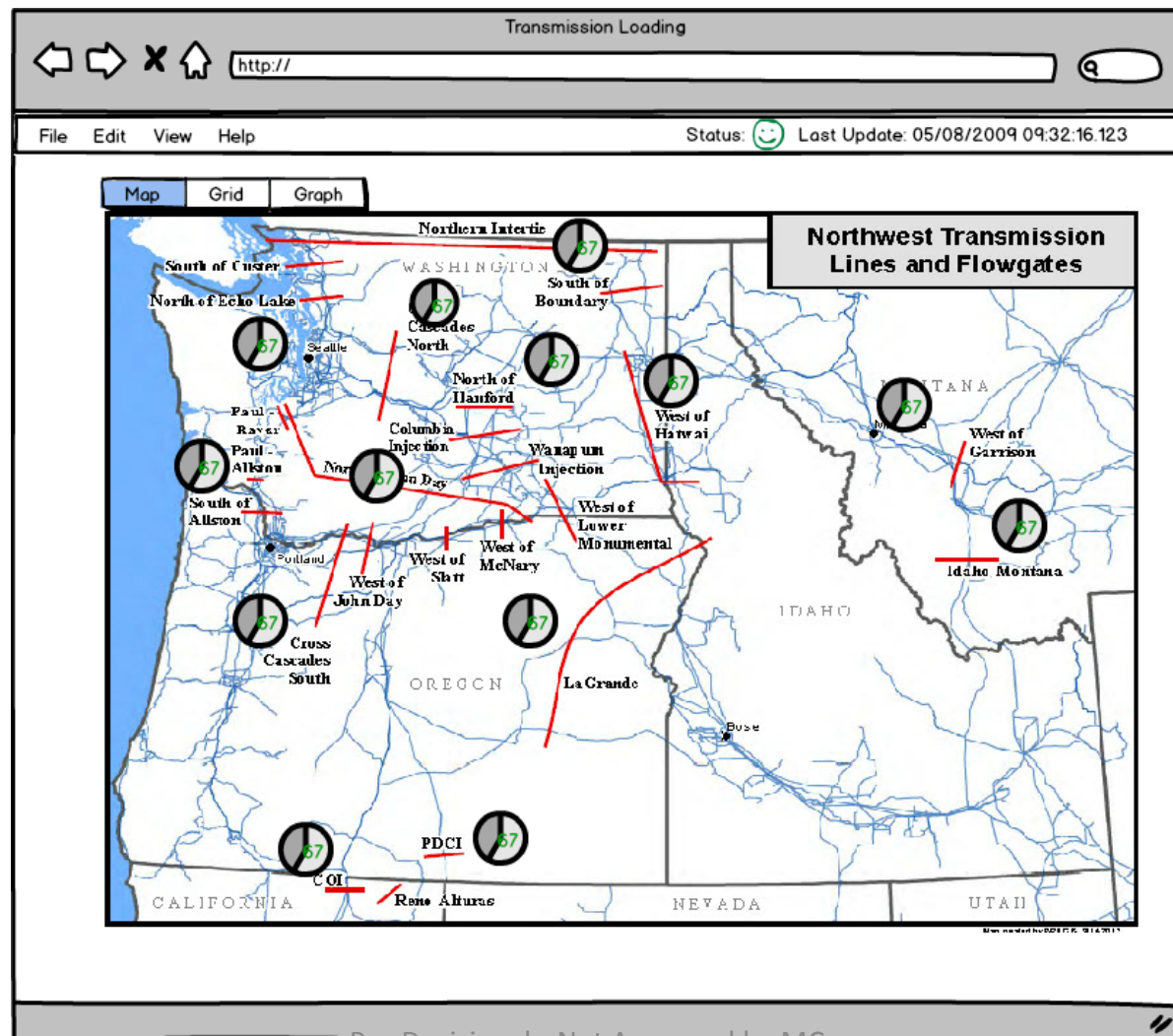
- Regional Flow Forecast: Provide MC participants with a regional flow forecast on targeted flowgates
- Reserve Monitoring and Deliverability: Improve deliverability assessment of contingency and balancing reserves/energy
- Regional Data Sharing Tools: Provide Balancing Authorities and merchants with access to selected operational data
- Flow-based Operations Integration: Identify, specify and enable the integration points between RSG, BA, TSP and RC
- 15-Minute Flexible Capacity: Define Flexible Capacity products, facilitate WSPP approval, and trading on established platform if feasible
- Resource Sufficiency: Develop BA-level data collection and reporting process, protocols, and agreements w/ and w/o a SCED Platform end-state
- SCED Tasks: Complete Market Operator RFP based on finalized SCED design, including operational protocols and agreements

Phase 3 Capabilities and Regional Roles

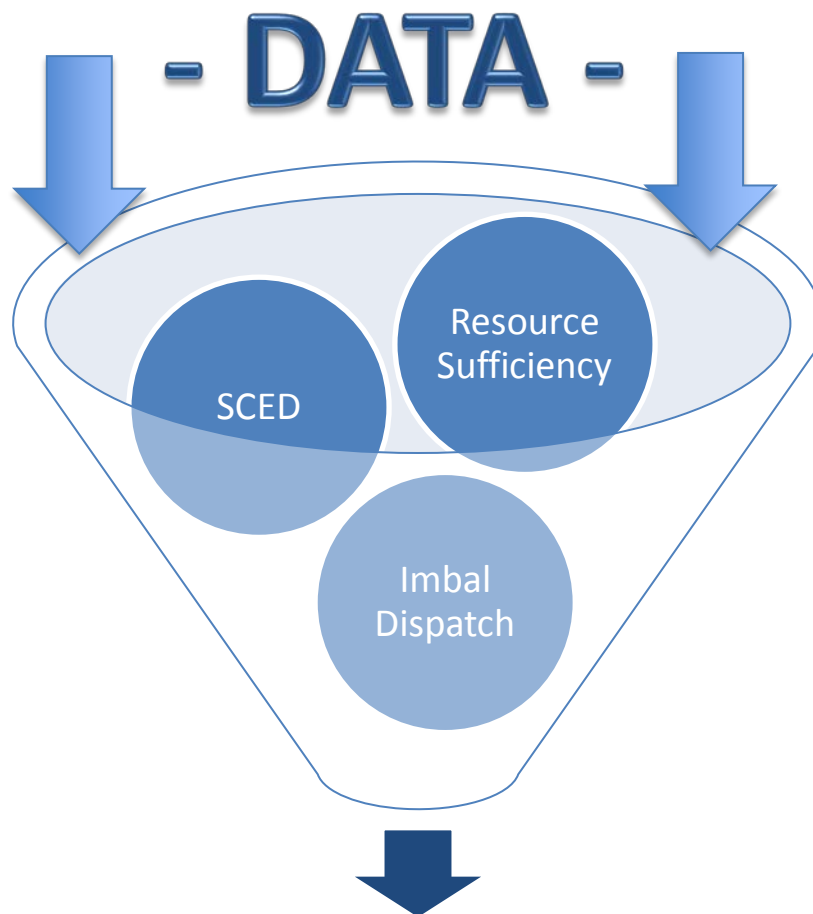
Generation



Example of Flowgate Monitoring Tool



Options and Opportunities



Recommendation to EC on Path(s) Forward for a Comprehensive Northwest Solution

QUESTIONS

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