

1 **NORTHWEST PUBLIC POWER ASSOCIATION**

2
3 **RESOLUTION 1-09**

4
5 **IN SUPPORT OF REGIONAL TRANSMISSION SOLUTIONS**

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7 The vast majority of electric utilities operating in the West are dependent on the
8 regional transmission system for access to Power Marketing Administration (PMA)
9 power and the wholesale power market. Any proposal aimed at modifying the
10 operating characteristics of the Western regional transmission system must be
11 approached with caution. As we have seen in other regions, misguided changes to the
12 fundamental operating procedures of the transmission grid have had devastating
13 consequences for consumers in these regions.

14 Recognizing that efforts to address specific transmission problems are
15 important to the region, NWPPA encourages groups like ColumbiaGrid, the Northern
16 Tier Transmission Group (NTTG) and the Transmission Agency of Northern California
17 (TANC) to develop, fund and implement regional solutions to recognized transmission
18 problems.

19 However, efforts by the Federal Energy Regulatory Commission (FERC) to
20 encourage the formation of a Region Transmission Organization (RTO) in the West are
21 objectionable. NWPPA members already benefit from a reliable, low-cost power and
22 transmission system and believe that little has been done to prove that the region will
23 benefit from a RTO. Past efforts, as with the failed Grid West proposal, have produced
24 ill-defined governance, excessive costs, loss of regional accountability and greater
25 federal regulation, which remain issues of great concern to the NWPPA membership.

26 NWPPA continues to support efforts to advance proposals that are centered on
27 low-cost solutions to recognized transmission problems. This may include
28 consideration of a Western Governors Association recommendation (Policy Resolution
29 08-9) to provide tax-exempt status for transmission authority revenue bonds. State
30 transmission authorities with the ability to issue tax-exempt bonds for new
31 transmission construction may provide financial incentives needed to attract new
32 transmission investment and could be part of a regional solution. However, any effort
33 to modify the existing transmission system should not result in the creation of new
34 institutions that would lessen regional input and control. Therefore, NWPPA opposes
35 efforts by Congress to direct the construction of transmission. However, NWPPA
36 acknowledges the value of PMA borrowing authority provided their efforts to build
37 transmission do not undermine existing NWPPA member rights or existing regional
38 efforts. On-going regional discussions by entities such as ColumbiaGrid, NTTG and
39 TANC are providing needed answers to Western transmission issues and demonstrate
40 that there is no need for a RTO or PMA mandates.

41 NWPPA appreciates the Western delegation's support for regional customers'
42 perspective on the future development of regional transmission improvements. As
43 discussions continue, NWPPA urges the delegation to support a measured approach
44 toward addressing regional transmission problems that encourage regional
45 collaboration rather than impose a one-size fits all system that is costly and ill-suited
46 for the Northwest region.

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