



Transmission Business Line (TBL)

CONTRACT LOCK MEETING SUMMARY

February 24, 2003

Meeting logistics

Meeting opened at 9:32 a.m. at Parkway Plaza, 8100 NE Parkway Drive, Room 40, Vancouver, WA. The meeting concluded at 3:55 p.m. See the meeting agenda at <http://www2.transmission.bpa.gov/business/ContractLock/2-24-03MeetingAgenda.pdf>. The next meeting is **March 3**, 9:30 to 4:00 p.m., also at Parkway Plaza.

BPA has created a web page specifically for Contract Lock issues and meetings. That web site is located at: <http://www2.transmission.bpa.gov/business/ContractLock/contractlock.cfm>. Included on the web page are links to the Feb. 24 meeting presentations and information provided by customers.

Purpose of Contract Lock

In response to issues raised by FERC restructuring initiatives such as RTO West and Standard Market Design, BPA Transmission Business Line's transmission customers have asked that TBL lock certain aspects of existing network transmission (NT) and point-to-point (PTP) service so that future changes to locked provisions would be by mutual agreement only.

Meeting Synopsis

At this meeting, Dennis Oster, TBL Account Executive, said that after a week's thought, what the TBL presented at the first meeting is now its Contract Lock proposal (p. 3). The principals the BPA team developed will guide development of the proposal. Oster added that the Feb. 24 meeting would be devoted primarily to listening to customers' proposals and comments.

Fulfilling requests from the Feb. 12 meeting, the TBL provided several documents. All are available at the Contract Lock web site. They are:

- "Sample Calculation for BPA Management of Federal Network Resources Methodology." This is the H/K calculation presented and explained by John Anasis at the Feb. 12 meeting. Participants are invited to call Anasis for further clarification. One request in the Feb. 24 meeting is to consider other alternatives.
- "Joint Proposal between Power Business Line (PBL) and Transmission Business Line (TBL) for NT Rights".
- "Contract Lock Guiding Principles."
- "TBL Contract Lock Timeline." The timeline sets proposal development to April 1; development of a replacement service agreement template from April 1 to July 1, at the same



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time TBL embarks on a 7(i) process for congestion rate treatment; filing the service agreement template and rate treatment with FERC July 1; and offer replacement contracts Oct. 1. Customers believe the service agreement template and TBL/PBL joint proposal developments could wait beyond the July 1 date.

In addition, customers provided a list of characteristics of NT and PTP service they want locked.

- "Public Power Contract Lock Issues" that includes "Essential characteristics of NT Service" and "Essential characteristics of PTP Service," accompanied by five other essential characteristics.

The public power proposal included characteristics from OATT, business practices, scheduling practices, etc., which expands the scope of the lock, which the TBL said should be limited to locking in existing characteristics only for OATT.

- "Preliminary Comments of the Western Public Agencies Group on the Proposed Contract Lock," sent to TBL by Terry Mundorf, attorney for WPAG.

Issues to be resolved (Parking Lot)

1. **The service agreement needs a method to resolve disagreements (dispute resolution) between customers and BPA about what changes to OATT conflicts with the contract lock terms.** Peters, Mundorf, et al.
2. **Does contract lock produce costs to some groups disproportionately to its benefits to others? This is critical and needs an answer that looks reasonable. There has to be an articulation of the implications of this for all transmission customers.** Murphy.
3. **Last meeting you talked about West Side hydro. It would be useful to know which facilities and where the 400 MW came from.** (Margaret Pedersen, PBL, will work with TBL to provide numbers.) Thale.

Another issue discussed was FERC's ability to modify the agreement in the future, i.e. how long FERC would honor such an agreement as tariff, market and other contract conditions change.

Included in the next meeting's agenda (**March 3**) are these topics:

- Work the lists from customers and BPA -- what's in, what's out?
- What will be included in NT/PTP characteristics? Customers may be proposing a more expansive view of rights to include tariff, contracts, business practices, scheduling practices, etc. BPA has more narrow view to include nothing more than locking in certain provisions now in OATT.
- How to resolve disagreements.
- Conversion ground rules.

Meeting concluded at 3:55 p.m.