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From: on behalf of BPA Public Involvement

Subject: FW: Regional Dialogue Transfer Service Proposal

Draft 8/23/06

IDEA WHITE PAPER

Transmission Options for Delivery

Background:

IDEA is participating with UAMPS to construct and operate the proposed IPP 900 MW net, Unit 3 coal plant located in Western Utah. Currently Unit 3 is scheduled for commercial operations in April of 2012. The plant is located in Los Angeles Department of Water and Power's control area which is interconnected to PacifiCorp's and Sierra Pacific Power's control area. All participants in IPP Unit 3 will have to wheel across the Northern Transmission System (NTS) to reach PacifiCorp or Sierra Pacific systems. There are no physical or contractual impediments to the IPP Unit 3 participants' use of the NTS, but there is a wheeling fee that is presently being negotiated.

In order to participate, the IDEA members must be able to take delivery (or a delivery equivalent) of their portion of the Unit 3 output in their service territories. Based on transmission options, there are four possible groups' of participants. The first group consists of participants (and potential participants) that are physically interconnected with PacifiCorp (Rocky Mountain Power) in Eastern Idaho and Western Wyoming. The second group is those participants (and potential participants) that are located in Idaho Power's control area in Southern Idaho. The third set of potential participants are those located in Avista's control area in Northern Idaho, Western Montana and Eastern Washington. The fourth set of participants are those with direct BPA connections in Northern Idaho, Western Montana and Eastern Oregon.

The purpose of this White Paper is to summarize the possible delivery (or delivery equivalent) options in order for all of the relevant players to achieve their goals with the least disruption and in the most economical manner.

Delivery Options for BPA Customers Participating in IPP Unit 3

Participants are in PAC, IPC, BPA and Avista control areas. Bonneville has existing transmission arrangements with these control areas. Bonneville has made a commitment under the Agreement Regarding Transfer Service and the Regional Dialogue Proposal for the delivery of non-federal power. The participants believe that if we provide transmission arrangements to deliver IPP Unit 3 power to Points of Receipt (POR) with these control areas that the PORs can be added to BPA's current transmission arrangements. Therefore Bonneville should acknowledge responsibility for delivery of IPP Unit 3 power to participants.

We understand there are many details that will have to be worked out to deliver IPP Unit 3 power to the participants. We would like to discuss this delivery option, as well as other options such as displacement or exchanges at other points on the interconnected transmission system that might be of benefit to all parties.