

# DRAFT

## Chapter II

### Governance Structure

#### A. Charter Agreements

TIG proposes that each transmission improvement, or related group of improvements, be accomplished through multilateral contracts among responsible entities (Charter Agreements). Each Charter Agreement will obligate the signatories to develop improvements to the Northwest transmission system and business. Each agreement will establish and fund a committee of customers and other interested parties to provide technical and policy input regarding the development of improvements. The Charter Agreements would relate to each of the five charter areas, although the contracting parties could decide to consolidate some of the agreements.

#### B. TIG Coordinating Agreement

A TIG Coordinating Agreement would commit signatories to coordinating implementation of the Charter Agreements. Those entities that signed a Charter Agreement would sign the TIG Coordinating Agreement.

##### 1. Coordinating Committee

The TIG Coordinating Agreement would establish a Coordinating Committee. Membership would be open to entities that have an interest in, use, or are impacted by the Northwest transmission system. The current concept is to adopt the prior Northwest Transmission Association's membership classes. The Coordinating Committee would be responsible for electing two members to a policy-level Executive Committee. *[any other role?]*

##### 2. Executive Committee

The Executive Committee would be responsible for assuring that improvements are achieved as contemplated in the Charter Agreements. The Executive Committee would have seven policy-level members, one selected by the parties to each of the Charter Agreements and two selected by the Coordinating Committee. The Executive Committee would facilitate coordination among the Charter Agreement implementation committees (Charter Committees) and prepare an overall work plan. In addition, the Executive Committee would make recommendations regarding additional transmission improvements that should be considered or undertaken by the responsible entities. The Committee would also provide a facilitation role should impasses develop within or among Charter Committees.

## Subchapter II-A

### **Legal Principles for TIG Coordinating Agreement**

1. Modeled after Northwest Power Pool (NWPP) Agreement, which forms an association of its members and does not create an entity in a legal sense. The agreement establishes a forum (Coordinating Committee and Executive Committee) that coordinates certain Transmission Owner and, to a limited degree, other responsible entity activities. While the NWPP Agreement details the specific committee process for the underlying member activities, only those members who are in a Charter Committee can amend the provisions of the NWPP Agreement relating to that committee. For example, the NWPP coordinates the implementation discussions of the PNCA parties. Only PNCA parties are members of the NWPP committee, and, while the NWPP Agreement sets out the committee process, only the PNCA parties can amend that section of the NWPP Agreement. Another alternative, discussed in more detail below, is to have the specifics relating to each TIG technical committee set out in the related underlying TO or responsible entity agreement.

The proposed coordination structure is also similar to the Mid-Continent Power Pool (MAPP).

2. Parties
  - a. Entities that sign a Charter Agreement
3. Contractual commitment to coordinate solutions to regional transmission issues
  - a. Simply a structure
    - 1) No transfer of substantive decision-making authority
    - 2) Substance regarding each area is contained in Charter Agreement(s) relating specifically to that area (for example, Coordinated Planning Agreement)
    - 3) Authority limited to budgeting, administrative matters (although may depend upon whether committee process is set out in TIG Coordinating Agreement or in Charter Agreements)
  - b. Starting point, planning and expansion; flow-based approach; reliability and security (including voluntary consolidation of control areas); common Northwest OASIS; and market monitoring
  - c. Evolutionary process
    - 1) Mechanisms to adjust process, if needed, to work
    - 2) Ability to add areas for improvements without requiring a contract amendment

4. Committees
  - a. Coordinating Committee
    - 1) Membership open to any entity that would have qualified as a member in the Northwest Regional Transmission Association
    - 2) Role is to elect two members of the Executive Committee **[any other role?]**
      - a) Voting process left to Coordinating Committee to develop
  - b. Executive Committee
    - 1) Membership
      - a) Two members selected by Coordinating Committee
      - b) Five members; one each from each Charter Committee (selected by parties to the Charter Agreement)
    - 2) Role
      - a) Planning (overall work plan, including timeline; allocation of responsibility where issue has overlap among or between technical committees)
      - b) Charter Committee Activity Coordination (keep things moving and make sure things happen)
      - c) Additional Improvements/Functions
        - i) As initial improvements are achieved, with unanimous vote of those parties who would be responsible to take actions (the parties to the relevant Charter Agreement), the Executive Committee may expand scope of discussions to additional proposed improvements and assigns responsibility for such discussions to appropriate Charter Committee(s) (including the creation of a new committee)
        - ii) Input for non-signatories who believe additional improvements should be developed
      - d) Ministerial
        - i) Budget (coordinating costs)
      - e) Dispute Resolution Role
        - i) Facilitate resolution of impasses within or among Charter Committees
        - ii) Maintains master list of pre-qualified mediators and arbitrators for use by technical committees (depending upon final dispute resolution mechanisms)

c. Charter Committees

***Policy Question: Charter Committees would drive substance, and the parties to the relevant Charter Agreement would determine the structure and process for a Charter Committee. Should the TIG Coordinating Agreement just point to the Charter Agreements and have them provide the Charter Committees' structures or should the agreement contain more specifics regarding the***

***Charter Committees, including the relevant process (similar to the NWPP Agreement?)***

*[Location depends upon the answer to the policy question, and the following should be tailored to each Charter Agreement]*

- 1) Membership – Charter Agreement Parties (entities that bear responsibility for taking action)
  - a) Each committee would have formal mechanism for input/participation of non-members
- 2) Process
- 3) Role – Forum to develop expert recommendations regarding specific Charter areas
  - a) Emphasis on
    - i. Cost-effectiveness including use, to extent possible and practicable, of existing organizations
    - ii. Not expanding FERC jurisdiction

***Policy Question -- Unless the responsible parties unanimously agree that the benefits of the solution outweigh the negatives of expanding FERC jurisdiction in a limited instance?***

    - iii. Incremental steps, making sure things work before moving on
    - iv. Keeping responsible entities involved in decision-making and implementation
  - b) If Charter Committee hits impasse, Executive Committee facilitates resolution through policy-level discussion
    - i. Input from policy-level individuals
    - ii. Input from broader group

***Policy Question: Should all members of the Coordinating Committee be involved or just those who are party to the relevant Charter Agreement?***
  - c) What happens if Executive Committee cannot resolve impasse will vary by subject area. Some provide for TIG ADR (where a “decision” has been made per the Technical Committee contract rules and someone challenges the decision). It could be different in other situations.
- 4) Implementation
  - a) Charter Committee recommendations go directly to responsible entities
    - i. Coordinating Committee is briefed, but does not need to approve
    - ii. Responsible entities make actual implementation decisions as provided in relevant Charter Agreements
5. Provisions Common to all Charter Agreements

- a. Responsible entities will be required to become signatories to all of the Charter Agreements for which they qualify; provided, *[that if] a responsible entity [does not believe it's participation is needed in order for the improvement to be accomplished, it] may request a waiver from the Executive Committee. [The Executive Committee shall only grant such waivers it determines do not affect the ability of the Charter Agreement to achieve its purpose.]*

**OR**

Prior to a Charter Agreement being executed, responsible parties will be asked to declare their intention to participate in the agreement. *[What happens if there is not critical mass?]*

- b. Regulatory Approval – If a party’s regulator requires a change or imposes a new condition on a Charter Agreement, the change or condition shall become effective only if all of the parties agree in writing to such change or new condition.
  - c. Permanent Staff?
    - 1) Not strictly necessary
    - 2) To be decided by Responsible Entities/Charter Committees
      - a) For example, NTP may be housed at Northwest Power Pool
        - i) Although more analysis is needed, charter groups do not believe there would be significant cost difference
    - 3) Could be structured like Northwest Power Pool not-for-profit corporation
  - d. Funding
    - 1) Do not anticipate that costs related solely to providing a coordination forum will be significant (this does not include, however, costs relating to and resulting from the Charter Agreements to achieve certain improvements)
    - 2) Charter Agreements will specify responsibility for implementation costs
6. Termination
    - a. Signatories may terminate their participation as of the date on which they have effected termination of their participation in all Charter Agreements. All obligations to pay pursuant to this Agreement survive termination and continue until satisfied.
  7. Amendments (will need to be specific to each Charter Agreement)