



PRESENTATION TO ENERGY COMMITTEE

Regional Energy Market Developments

Michael Jones | March 25, 2015



RECAP FROM AUGUST BRIEFING

- What are we trying to solve?
 - Opportunity for lower cost regional dispatch and greater reliability
 - Increased ability to integrate renewables
 - Increased transparency and efficiency in power markets

RECAP FROM AUGUST BRIEFING

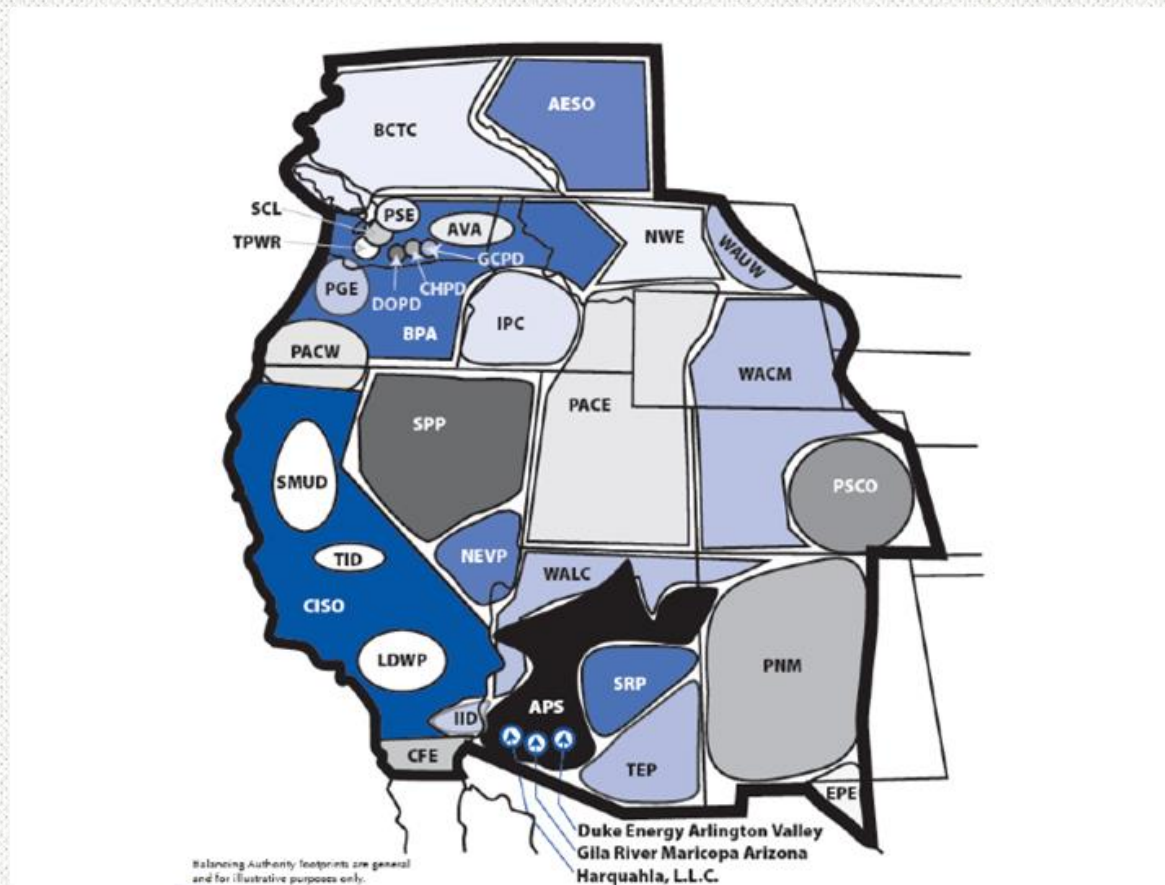
- How will this benefit City Light?
 - Better visibility, trading and reliability tools
 - Resource sufficiency standards for all utilities
 - More efficient energy markets
 - Better utilization of resources across region
 - New market opportunities may be created for City Light to use its carbon free & flexible hydro resources

RECAP FROM AUGUST BRIEFING

- What is the Northwest Power Pool (NWPP)?

Members:

Puget Sound Energy
BC Hydro
Seattle City Light
Tacoma Power
Portland General Electric
Avista Utilities
Idaho Power
PacifiCorp
SMUD
Nevada Power
Northwestern Energy
BPA (142 wholesale customers)



WHAT'S NEW

- Utilities are joining the CAISO Energy Imbalance Market (EIM)
 - PacifiCorp-CAISO EIM integration complete
 - NV Energy and Puget announced joining CAISO EIM in 2015 & 2016 respectively (18 month integration)
 - City Light has different benefits and costs than an IOU and will evaluate available market options in the cost/benefit analysis

WHAT'S NEW

- Request for Proposal for a Market Operator did not result in a selection.
 - Challenges around cost and governance
 - Discussions continue with bidders on identification of viable solutions
 - Work continues on alternative market designs

WHAT'S NEW

- Holding discussions with federal regulators to ensure they will approve market design
 - Seeking advance guidance from FERC on market design features unique to the region and necessary for Bonneville Power Administration and City Light to participate
 - Bonneville Power Administration ensuring its statutory and contractual commitments are consistent with market requirements

WHAT'S NEW

- Market Developments and Next Phases of Work
 - Cost sharing continues via work order with NWPP
 - New regional forecast & visibility tools ready for deployment in Q1-15
 - Agreement on resource sufficiency standards and pilot program ending summer 2015
 - Automated 15 minute trading
 - Possible NW EIM or Enhanced Bilateral Markets
 - Business case & commitment point expected later this year